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1994 Operating and Capital Program 1994-96 Financial Plan



Proposed, October 1993

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Pace Proposed Budget October, 1993



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Pace 1994 Operating and Capital Program and 1994-1996 Financial Plan

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Executive Summary

Operating Program and Budget

The 1994 operating and capital program and budget contained in this document is summarized as follows:

The 1994 operating expense totals \$96.9 million. This cost will be covered by \$34.3 million in operating revenue, \$62.2 million in RTA operating subsidies and \$.4 million in federal congestion mitigation (CMAQ) grant funds. The proposed budget reflects a \$.9 million reduction in RTA operating subsidy from Pace's original proposal to the RTA. This reduction is necessary in order for Pace to live within the amount of funding

(\$62.2 million) RTA will make available. The proposed budget achieves a reduced spending level by reducing fixed route services, raising local fares, revising the dial-a-ride funding formula and deferring the expansion of ADA paratransit services. These measures are described in further detail in the operating budget section of this document.

The following table summarizes the proposed 1994 operating budget.

Table 1. 1994 Operating Budget Summary (000's)

	Original Proposal To RTA	As Revised To Meet RTA Funding	Change
Total Operating Expense	\$ 102,204	\$ 96,917	\$ (5,287)
Less: System Generated Revenue	33,706	34,296	590
Funding Requirement	\$ 68,498	\$ 62,621	\$ (5,877)
Less: RTA Funding for Operations	\$ 68,125	\$ 62,248	(5,877)
CMAQ Fund Grant	373	373	0
Surplus/(Deficit)	\$ 0	\$ 0	\$ 0
System Recovery Ratio	33.0%	35.4%	2.4

Capital Program and Budget

The 1994 capital program totals \$32.5 million for the existing Pace system. The Regional Transportation Authority (RTA), the Federal Transit Administration (FTA) and the Illinois Department of Transportation (IDOT) are expected to provide \$30.6 million while Pace will commit \$1.9 million from its own funds.

The program contains \$10.4 million for the replacement of 50 fixed route buses and \$5.3 million for the acquisition of 105 paratransit buses. All vehicles will be lift equipped in accordance with ADA requirements. Farebox enhancements and signal priority efforts totaling \$3.8 million are planned.

Major facilities projects totaling \$6.7 million are also planned. Highlights include complete renovation of the Northwest Division garage in Des Plaines, park-n-ride facilities in Bedford Park, Burr Ridge, and East Hazel Crest. Transfer center facilities will be constructed in Lisle and Dolton/Riverdale. In addition, \$6.3 million is programmed for maintenance/computer equipment, major vehicle components, warranties, and contingencies/project administration.

Table 2. 1994 Capital Program (000's)

	Amount
Rolling Stock	\$15,695
Electricals/Sign/Communications	3,820
Support Facilities	6,650
Support Equipment	4,255
Contingencies/Project Administration	2,047
Grand Total	\$32,467

Introduction

The Pace operating and capital program for 1994 represents the tenth annual program for the Suburban Bus Division of the RTA. Pace is charged with administering and providing for all non-rail mass transit services in suburban Cook*, DuPage, Kane, Lake, McHenry and Will Counties. Pace is required under the Regional Transportation Authority Act (as amended) to prepare, distribute for public hearing, and adopt an annual program and budget consistent with RTA mandates. The program and budget must provide for a level of fares and services in balance with available funding and achieve compliance with RTA established revenue recovery levels. The Pace 1994 Operating and Capital Program meets these requirements and is presented to the citizens and elected officials of the six-county region for review, discussion and comment.

Pace is governed by a twelve member board of directors made up of current and former suburban village presidents and city mayors. The title page of this document identifies the members of the Pace Board of Directors and the areas they represent. Florence Boone, former village president of Glencoe, has chaired the Board since the agency's inception in 1984.

*with the exception of CTA suburban services

System Overview

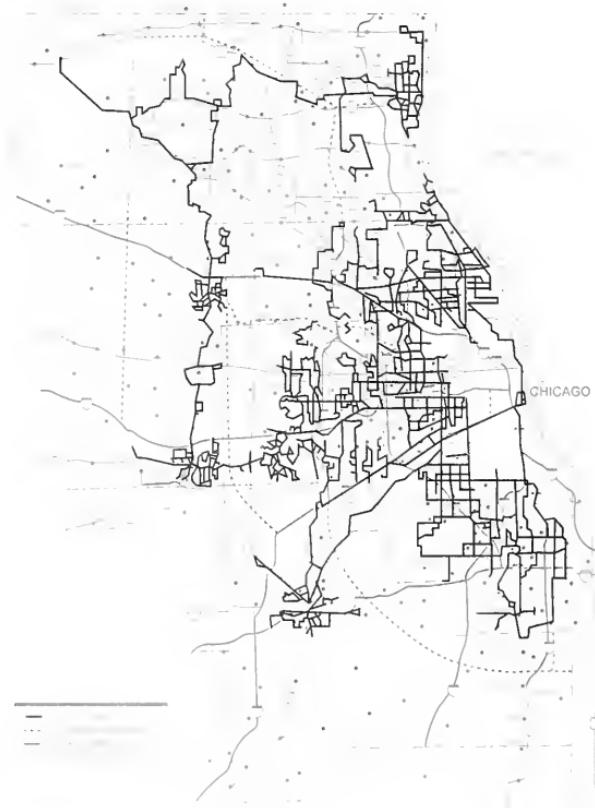
Fixed Route Service Characteristics

The following map and description summarizes the operating characteristics of the Fixed-Route system.

Fixed Route Service

163 regular, 80 feeder routes, 9 subscription services and 2 seasonal routes are operated by Pace. These routes service 200 communities and carry nearly 3.2 million riders per month utilizing 608 vehicles during peak periods.

Map 1. Fixed Route Service Characteristics



Dial-a-Ride Service Characteristics

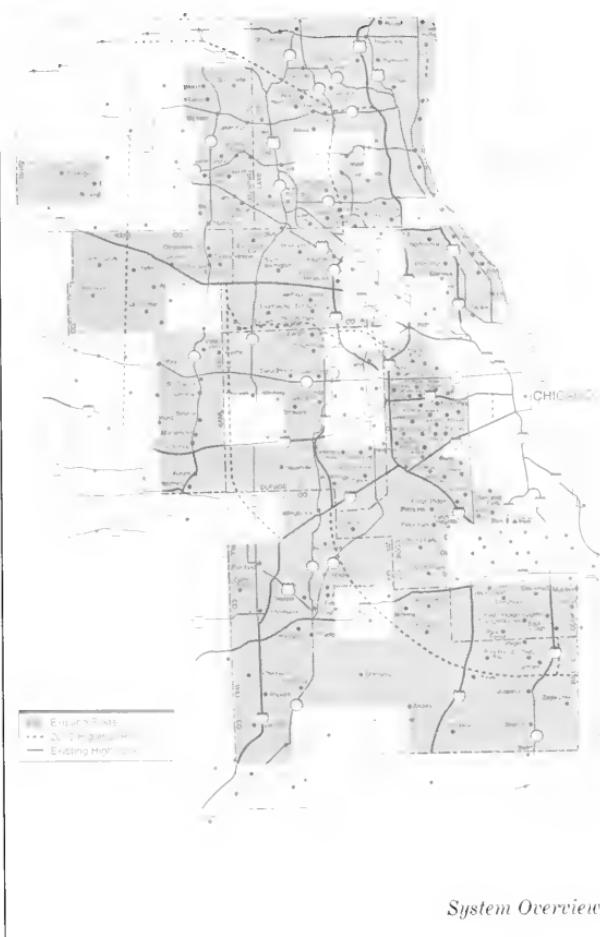
The following map and description summarizes the operating characteristics of the Dial-a-Ride system.

Dial-a-Ride

200 Pace-owned lift-equipped vehicles and other vehicles are utilized to provide door-to-door service to approximately 104,800 riders each month. The majority are elderly and/or have disabilities.

Pace contracts directly with private providers for the operation of 15 dial-a-ride projects and has grant agreements with villages and townships for the operation of 37 other dial-a-ride projects. Also, one other project is operated by Pace River Division. These 53 projects provide services to over 210 communities throughout the six county area.

Map 2. Dial-a-Ride Service Characteristics



Fare Structure

The following table describes the major Pace fares currently in effect. In order to achieve the RTA recovery ratio requirement of 35% for 1994, it will be necessary for Pace to increase fares. As fare and pass prices are directly tied to CTA's fare structure, Pace's opportunity to implement a fare increase is limited

to local and regular fares. The proposal is to eliminate the local \$.85 fares and raise them to the \$1.10 regular base fare. Pace estimates this action would raise \$642,000 in 1994 and contribute to a loss of over .4 million riders.

Table 3. Fare Structure

	Peak Period (6am-10am, 3pm-7pm)	Off Peak Period (All other times)
Regular Fares		
Full Fare	\$ 1.10	\$ 1.10
Transfer to CTA	\$.70	\$.45
Transfer to Pace	\$.10	\$.10
Reduced Fare	\$.55	\$.55
Transfer to CTA	\$.35	\$.20
Transfer to Pace	\$.05	\$.05
Passes	All Times	
Monthly Everyday	\$ 72.00	
Monthly Reduced Fare	\$ 33.00	
Weekly Full Fare	\$ 18.50	
Link-Up Ticket	\$ 36.00	
10 Ride Plus Pass Full Fare	\$ 11.00	
10 Ride Plus Pass Reduced Fare	\$ 5.50	
Local Fares		Proposed January 1994
Full Fare	\$.85	\$ 1.10
Transfer to Pace*	\$.35	\$.10
Transfer to CTA (Peak/Off Peak)	\$.95/.70	\$.70/.45
Reduced Fare	\$.40	\$.55
10 Ride Plus Pass	\$ 8.50	\$ 11.00
10 Ride Plus Pass Reduced Fare	\$ 4.00	\$ 5.50
*Local transfers will remain free of charge.		
Express Fares	All Times	
Routes 210,355 & 855 Full Fare	\$ 2.75	Reduced Fare \$ 1.35
Routes 606,610,616,626,737,747 & 757	\$ 1.35	\$.65
Routes 767,832,877 & 888	\$ 1.60	\$.80
Route 835 (Zone E)	\$ 3.30	\$ 1.65
Other	Full Fare	Reduced Fare
Dial-a-Ride	\$ 1.30	\$.65
Mobility Limited Services	\$ 1.50	

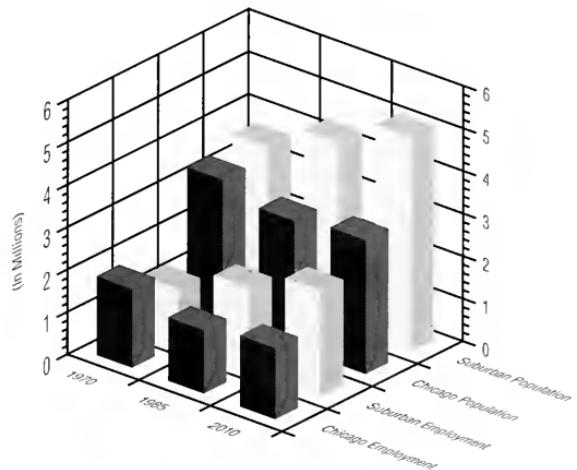
Operating Environment

The Pace service area measures 3,446 square miles, nearly the size of the state of Connecticut. The suburban area is divided among the six counties and incorporates 260 municipalities. Transportation needs among this broad area are as unique as the individual communities that comprise it. The suburb-to-suburb commute trip has now become the dominant travel market in the region and is primarily served by the automobile.

Population and Employment

The suburban area has a 1990 population of 4,477,450 and employment of 2,241,800. The suburban area not only exceeds the City of Chicago in terms of absolute

Chart A. Service Area Population and Employment



*Schaumburg Office Development;
60% more people work in the suburbs
in than the City.*



population and employment, but it also continues to grow while population and employment in the City have declined since 1970, as shown in Chart A

The growth of suburban population and employment has created a serious dilemma for mass transportation: the majority of the region's economic base has relocated to an area of lower population density without a central business district and is lacking in the capital infrastructure needed for transit. The data does not show the level of corporate relocations from the inner suburbs to further outlying suburban areas. In 1992, Pace's market development team worked directly with nearly 50 major employers who relocated over 24,000 jobs to outlying suburban areas.

Suburban Office Space

Since 1975, over 57 million square feet of office space has been built in the suburbs, the majority of which is poorly accessible by transit patrons. Large building set-backs and a lack of sidewalks and pedestrian crossings are typical of the suburban environment.

To ensure that future development is transit accessible, Pace's market development team works closely with interested municipalities and developers to assist them in incorporating transit planning into their projects. By becoming part of the plan review process, transit amenities can be incorporated into their development plans from the outset.

In 1992, Pace provided technical advice on 35 commercial development plans, the most notable being the Sears development at Prairie Stone in Hoffman Estates. By proactively working with Homart Development, Pace was able to design a transportation center in the hub of the 786 acre development which will contain over 12 million square feet of office space for as many as 45,000 workers in the future.

Autos crawl through suburban rush hour traffic. Scenes like this are expected to become more common.



Highway Traffic Congestion

The substantial growth in suburban population, employment, households and office space has clogged the region's highways with traffic congestion. From all indications, the situation is likely to worsen considerably by the year 2010 unless new funding is provided for highway and transit improvements. The following map depicts traffic congestion areas in 1980 and shows the expected spread by the year 2010.

Map 3. Suburban Area Highway Congestion 1980 vs. 2010



Clean Air Act Amendments/ Employee Commute Options Act

Significant legislation at the Federal and State level has been passed to prevent the further deterioration of air quality. The Northeast portion of Illinois is considered a severe non-attainment area for national air quality standards as established by the Environmental Protection Agency. Given this status, the State of Illinois is required to take corrective actions within a specific timeframe in order to attain national air quality standards.

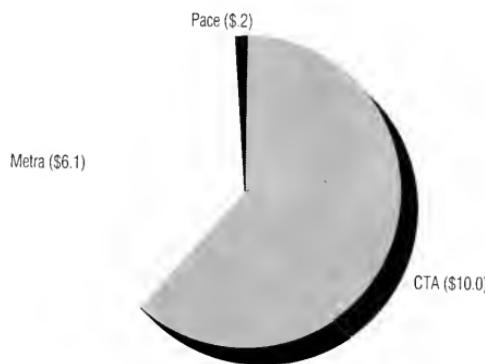
As part of this effort, the State Legislature enacted the Employee Commute Options Act which, among other things, requires suburban employers with more than 100 employees to increase the average passenger occupancy (APO) of autos arriving at the employment site (during peak periods) to 1.36 by July, 1998. In order to achieve this, employees will need to work flexible schedules, car pool or, more importantly for Pace, form vanpools and use Pace fixed-route services. Employers will be required to survey employees to determine current APO, and develop a compliance plan which convincingly demonstrates that it will achieve an APO of 1.36. Pace anticipates that compliance efforts will create significant demand for services. However, the lack of RTA investment in suburban transit services will become painfully obvious

to the private sector as they seek transit solutions, only to be told Pace does not have the funds to provide them. Pace will offer assistance to employers to help them evaluate their present status and to explore transit solutions within our available resources.

Regional Transit Capital Assets

While the majority of the region's population and employment are suburban, and the growth continues to exceed the City, the region's heaviest investment in transit capital is designed to serve the City and central business district. Pace capital assets represent only 1% of the region's capital infrastructure, though Pace carries over 6% of the region's transit patrons. Reference Chart B.

Chart B. Public Transportation Assets (Billions)



Pace System Infrastructure

Since Pace's inception in 1984, the focus of its capital improvements has primarily been on the replacement of its buses and garage facilities. More than \$57.0 million has been spent on the replacement of eight fixed facility garages. Additionally, more than \$100.0 million has been spent on the purchase of 556 fixed routes buses and 30+ paratransit buses. Pace's garages provide inside bus storage for 530 buses with building size totaling more than 750,000 square feet.

Pace is currently completing new construction and renovation of five garage facilities in Evanston, Bridgeview, Des Plaines, North Aurora and South Holland. Upon completion of these facilities, Pace will have substantially completed replacement of its bus garage facilities.

Pace Garages

- A. Pace River Division
975 S. State, Elgin
63,000 square feet, 1989
- B. Pace Fox Valley Division
400 Overland Dr., N. Aurora
56,000 square feet
(construction underway)
- C. Pace Heritage Division
9 Osgood St., Joliet
57,000 square feet, 1985
- D. Pace North Division
1400 W. Tenth St., Waukegan
57,800 square feet, 1987
- E. Pace West Division
3500 W. Lake St., Melrose Park
223,000 square feet 1986
- F. Pace Southwest Division
9889 Industrial Dr., Bridgeview
83,000 square feet
(construction underway)
- G. Pace South Division
2101 W. 163rd Place, Markham
191,000 square feet, 1988
- H. Pace Northwest Division
900 E. Northwest Hwy.,
Des Plaines
60,600 square feet, 1962
- I. WILBUS
711 Laramie, Wilmette
10,800 square feet, 1985
- J. City of Highland Park*
1150 Half Day Road,
Highland Park
- K. Village of Melrose Park*
1000 N. 25th Ave., Melrose Park
- L. Village of Niles*
7104 Touhy Ave., Niles
- M. Pace North Shore Division
2330 Oakton St., Evanston
52,000 square feet,
(construction underway)
- N. Pace Administrative
Headquarters
550 W. Algonquin Rd.,
Arlington Heights
46,500 square feet
- O. Pace South Holland
Acceptance Facility
405 W. Taft Dr., South Holland
45,000 square feet, 1984

Pace Heritage Division



Pace South Division



* Municipal Garages

■ Transfer Centers

Northwest Transportation Center
Schaumburg
(construction underway)

Chicago Heights Transfer Center
Chicago Heights

Harvey Bus Transportation Center
Harvey
(construction underway)

Elgin Transportation Center
Elgin

Homewood Bus Turnaround
Homewood

Des Plaines Bus Turnaround
Des Plaines

Prairie Stone Transportation Center
Hoffman Estates

North Riverside Mall Transfer Ctr.
North Riverside (leased)

Deerfield Transfer Location
Deerfield (leased)

The Centre Bus Facility
Park Forest (leased)

Gurnee Mills Transfer Center
Gurnee (leased)

Summit Bus Turnaround
Summit (leased)

Aurora Transportation Center
Aurora (leased)

South Suburban College
South Holland (leased)

Lake-Cook Road Transfer Center
Deerfield (leased)
(construction underway)

△ Park and Ride Lots

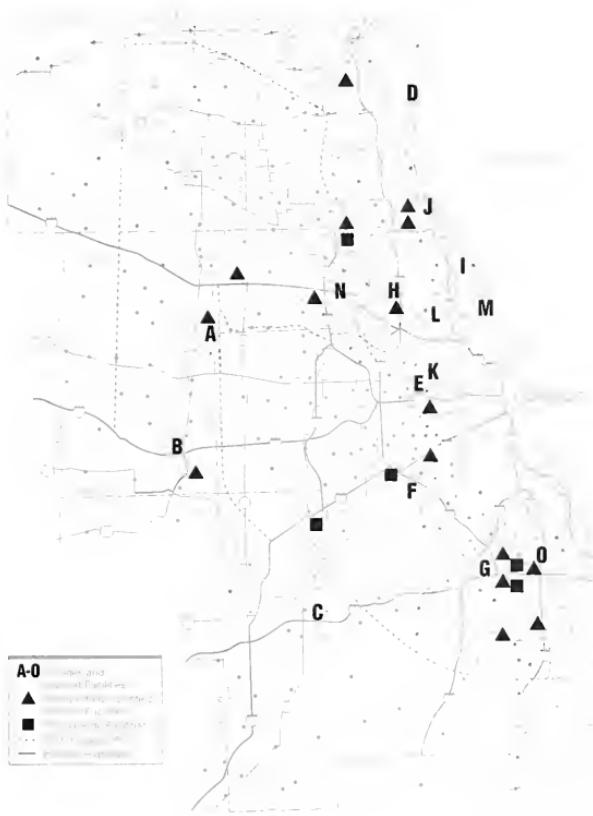
Washington Square Mall
Park-N-Ride
Homewood (leased)

South Commons Mall Park-N-Ride
Bolingbrook (leased)

Buffalo Grove Park-N-Ride
Buffalo Grove

Burr Ridge Park-N-Ride
Burr Ridge (leased)

South Holland Park-N-Ride
South Holland

Map 4. Pace System Garages and Support Facilities

Pace Rolling Stock—Active Fleet



Table 4. Pace Rolling Stock Fixed Route Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Chance	1984	8	9	26'	No
Gillig	1986	20	7	35'	Yes
Orion II	1987	3	6	26'	No
Orion 1	1988	100	5	40'	No
Orion 1	1989	71	4	40'	No
Orion 1	1990	50	3	40'	No
Orion 1	1990	84	3	35'	Yes
Orion 1	1990	43	3	40'	Yes
Ikarus	1992	71	1	40'	Yes
Orion 1	1993	20	0	35'	Yes
Orion 1	1993	86	0	40'	Yes
Total		556			
Average Age				2.91 years	



Table 5. Pace Rolling Stock Paratransit Active Fleet

Manufacturer	Year	No. of Vehicles	Age	Length	Lift Equipped
Ford/Champion	1987	53	6	23'	Yes
Ford/Braun (Vans)	1987	7	6	17'	Yes
Ford/Goshen	1988	20	5	23'	Yes
Ford/Braun (Vans)	1989	37	4	17'	Yes
Ford/Champion	1989	70	4	23'	Yes
Ford/Goshen	1990	17	3	23'	Yes
Ford/Goshen (Vans)	1990	27	3	19"	Yes
Ford/Goshen	1991	24	2	23'	Yes
Ford/Goshen (Vans)	1991	32	2	19'	Yes
Ford/Braun (Vans)	1993	17	0	19'	Yes
Total		304			
Average Age				3.72 Years	

Operating Strategy

Pace operations are guided by a well-designed strategic plan which stems from a general strategy of simultaneously increasing ridership and farebox recovery ratio. This strategy requires that services and capital programs pursued by Pace do at least the following:

- if intended to increase the number of customers served, Pace policies and programs should not lower the Pace farebox recovery ratio; and
- if intended to increase the farebox recovery ratio, Pace policies and programs should not reduce the number of customers served.

Simply put, the operating strategy is to serve as many riders as possible without reducing system efficiency.

Pace has taken numerous actions to fulfill this objective including:

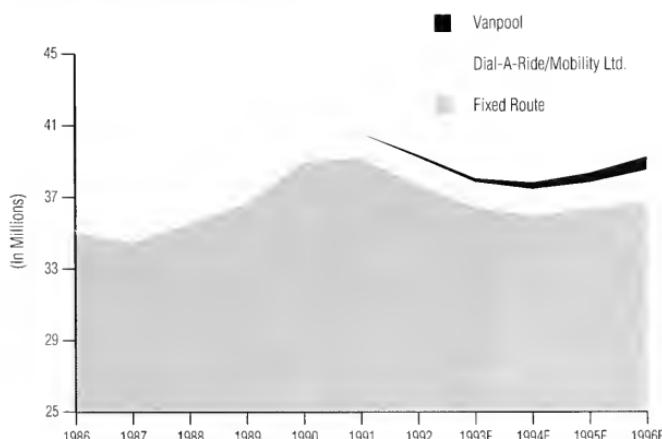
- the establishment of consistent criteria to determine when service should be expanded or reduced,
- the implementation of cost containment programs such as self-insurance, centralized purchasing, dial-a-ride cost ceilings and competitive bidding for privately operated services,
- the implementation of new services like the Pace VIP Vanpool Program which has a high recovery rate (over 100%) and provides effective service in low-density markets.

The net effect of these efforts has been positive: the recovery ratio and ridership levels have remained stable over the past several years, and the growth in cost per mile of service provided has averaged less than the rate of inflation for the economy.

Ridership

Pace ridership for 1993 is projected to end the year 3.3%, or 1.3 million trips, below the 1992 level of 39.4 million riders. The anticipated loss is a direct result of fare actions initiated by the CTA in 1992 and 1993. A further reduction in riders is projected for 1994, lowering Pace ridership to 37.8 million, a reduction of 239,000 passengers. The decline is directly attributable to the proposed local-fare increase and service reductions scheduled for 1994, affecting specifically the fixed route services. The expansion of vanpool service and connections to CTA's Southwest Rapid Transit line is expected to bring in 348,000 additional riders from 1993 estimated levels. Historical and projected suburban bus ridership is represented on Chart C.

Chart C. Suburban Bus Ridership



Cost per Mile

Pace's cost control efforts are substantiated by performance as measured by cost per mile. For the nine year period from 1985 to 1993, expense per mile has grown by only 8.1% while inflation for the same period has grown by 31.6%. If it were not for the cost savings programs and efforts, Pace's expense per mile growth would have been at (or greater) than the rate of inflation for the period. Without cost containment efforts, the 1994 budget may have been closer to \$3.70/mile instead of the projected \$3.02. This savings of \$0.68 is significant and amounts to \$21.8 million or over 22% of the 1994 budget. Cost per mile trend is represented on Chart D.

Recovery Ratio

Pace's recovery ratio experienced a dramatic increase in 1990 due to new funds coming in from the State of Illinois' half-fare subsidy program. However, as the state has continued to reduce the amount of funds available under this program, Pace's recovery rate has declined.

The recovery ratio is expected to increase slightly in 1994. The improvement of the recovery rate is a result of the continued success of the vanpool program which is projected to achieve a recovery ratio in excess of 100%. Also contributing to the improvement in recovery rate is the change in the dial-a-ride subsidy formula and the proposed fare increase. These changes are expected to add \$1.1 million to Pace's operating revenue in 1994.

Chart D. Pace Operating Cost per Mile Actual vs. Inflation

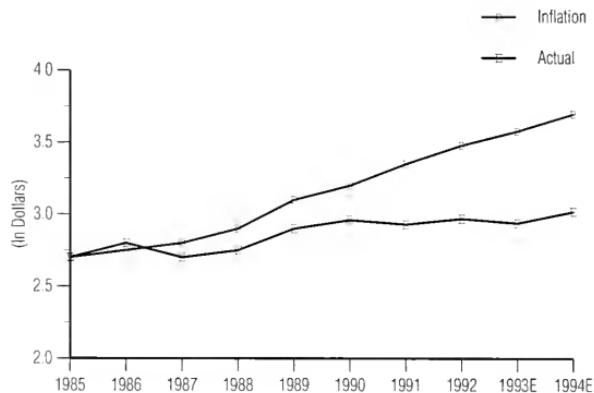


Chart E. Recovery Ratio



1994 Operating Budget

Issues

In August, Pace submitted a 1994 budget proposal to the RTA which identified forecasted spending levels for 1993 and 1994. The 1993 figures indicated Pace planned to significantly underspend the 1993 budget, achieving expense savings of nearly \$3.4 million. This favorable performance was achieved by Pace actions designed to contain labor and fringe benefit costs (which comprise over 57% of our budget). Health insurance costs were held down by requiring non-union employees to pay for a portion (approximately 10%) of their health care costs and increasing deductible amounts. Administrative costs were actually reduced by 2% from 1992 levels. Overall labor growth was limited to 1.7% over 1992 levels.

These actions were necessary for two reasons; first, they brought Pace's operating deficit more into line with available RTA funding for 1993, thereby reducing the projected \$4.3 million deficit to just over \$1.0 million; second, the lower expense base for 1993 allows Pace to significantly expand services for the disabled in 1994 while staying within our 3-Year Plan expense budget for 1994.

While Pace was able to hit its expense target for 1994 (\$102 million), we were not able to achieve the operating income level forecast (\$36.5 million) in the plan. This is primarily due to the fact that the plan assumed a system-wide fare increase would be necessary in 1994 which would generate \$2.0 million for Pace. Thanks to a favorable labor settlement and the planned closing of the Green Line, the CTA is able to balance its budget for 1994 without the need for a fare increase. In order to maintain full fare integration between Pace and the CTA, Pace cannot independently increase all of its fares sufficient to achieve the revenue target for 1994. As a result, our operating funding requirement from RTA was projected at \$68.5 million, some \$3.1 million more than planned. The RTA, however, established a 1994 funding level for Pace at \$62.2 million, some \$3.2 million less than the current plan and \$5.9 million less than our proposal.

RTA Funding

	Pace Proposed	RTA Recommended	Shortfall
RTA Funding (000's)	\$68,125	\$62,248	(\$5,877)

Pace Board Considerations

The RTA proposal seriously underfunds Pace in 1994 and will require drastic measures in order for Pace to comply.

Actions under consideration by the Pace Board include:

- A) Defer plans to expand ADA paratransit service in 1994 and 1995. Estimated savings: \$2,480 million in 1994.
 - No ADA service will be implemented in Kane and Will counties as planned for 1994
 - ADA services in other counties capped at current spending levels.
 - ADA service area reduced as result of fixed route cuts (item E)
- B) Eliminate Special Services for the disabled in Cook and DuPage counties beyond 3/4 mile ADA minimum area. Estimated savings \$619 million.
- C) Reduce reimbursements to townships under the Dial-a-Ride Program. Reducing the reimbursement from \$2.50 to \$2.00 would save approximately \$.5 million.
- D) Increase all \$.85 local fares (Joliet, Aurora, Elgin, Waukegan and commuter rail feeder markets) to \$1.10. This would generate approximately \$642 million in revenue and result in a loss of .4 million riders
- E) Reduced fixed route services. Savings of \$1,627 million are needed to close the budget gap. These service reductions would affect .4 million passengers

Summary of Actions	Amount (000's)
A) ADA Expansion	\$2,480
B) Cut Cook/DuPage Service	619
C) Reduce D-A-R Subsidy	509
D) Raise Local Fares	642
E) Cut Fixed Route Service	<u>1,627</u>
Total	\$5,877

The proposed RTA funding level leaves Pace with no options other than to raise fares, cut services and delay plans to expand service for the disabled under ADA. It also leaves the RTA \$5 million better off than they planned to be. Due to the reduced funding level for Pace, RTA

can plan to show a \$30 million dollar uncommitted reserve rather than the \$25 million reserve level as was originally planned. The project level impact of the change in the Dial-a-Ride funding formula is shown on the Tables 6 and 7. The fixed routes under consideration for cutback are shown on Table 8.

Table 6. Reduced Dial-a-Ride Formula \$2.50 to \$2.00

The following dial-a-ride projects are currently funded to 75% of their deficit or \$2.50 per trip, whichever is less. The proposed formula reduces this to 70% of deficit or \$2.00 per trip.

Service	Subsidy @ \$2.50/75%	Subsidy @ \$2.00/70%	Reduction
Antioch/Antioch Twp.	\$ 3,696	\$ 3,449	\$ 247
Aurora Township	73,008	58,400	14,608
Batavia/Batavia Twp.	20,748	16,600	4,148
Bellwood/Proviso Twp.	82,500	66,000	16,500
Bensenville	90,756	72,600	18,156
Berwyn/Cicero	52,500	42,000	10,500
Bloom Township	92,004	73,600	18,404
Bloomingdale Township	69,372	55,500	13,872
Calumet Township	43,248	34,600	8,648
Crestwood	31,080	24,860	6,220
Dundee Township	21,252	17,000	4,252
Ela Township	34,848	31,000	3,848
Forest Park	28,284	23,040	5,244
Fox Lake/Grant Township	17,016	15,882	1,134
Frankfort Township	36,252	29,000	7,252
Harvard	40,680	32,540	8,140
Lake Villa Township	1,380	1,100	280
Lemont Township	21,504	17,200	4,304
Lyons Township	95,004	76,000	19,004
Marengo	22,248	17,800	4,448
Milton Township	19,572	15,660	3,912
Norridge	30,612	28,567	2,045
Oak Park Township	81,252	65,000	16,252
Orland Park	52,752	42,200	10,552
Palatine Township	36,252	29,000	7,252
Palos Hills	35,244	28,500	6,744
Park Forest	99,216	92,606	6,610
Peotone	56,256	45,000	11,256
Rich Township	37,500	30,000	7,500
St. Charles	21,996	17,600	4,396
Schaumburg	176,004	140,800	35,204
Stickney Township	62,496	50,000	12,496
Tinley Park	22,704	18,160	4,544
Vernon Township	25,248	20,200	5,048
Woodstock	100,500	93,804	6,696
Worth Township	39,396	31,520	7,876
Addison	12,433	9,946	2,487
Elk Grove	111,563	89,250	22,313
Hometown	7,150	5,720	1,430
Leyden	93,203	74,562	18,641
Naperville/Lisle	44,875	35,900	8,975
Downers Grove	40,430	32,340	8,090
Barrington	34,115	30,825	3,290
Total	\$ 2,118,149	\$ 1,735,331	\$ 382,818

Table 7. Reduced Dial-a-Ride Formula 75% to 70%

The following dial-a-ride projects are funded at 75% of deficit. The proposed formula reduces this to 70% of the deficit.

Service	Subsidy @ 75%	Subsidy @ 70%	Reduction
E. McHenry (1) (2)	\$ 835,957	\$ 806,393	\$ 29,564
N Lake Exp	36,888	32,112	4,776
NW Lake	110,984	104,639	6,345
NE Lake	122,166	110,506	11,660
Cent Lake	65,788	62,362	3,426
SW Lake	22,070	20,598	1,472
SW Will	12,298	11,478	820
DuPage Twp	100,578	93,873	6,705
Cent Will	306,605	286,165	20,440
NW Kane	20,294	18,941	1,353
Total	\$ 1,633,628	\$ 1,547,067	\$ 86,561

(1) Includes McHenry fixed-route services.

(2) In addition to the change in formula, Pace has also trimmed \$39,801 from the Eastern McHenry budget to reflect lower than anticipated costs.

Table 8. Pace Fixed Route Service Reductions

The following fixed route services are proposed for elimination. Pace is reviewing these proposed reductions in further detail. Should these proposed reductions prove to be inadequate to balance the budget or unfeasible for any other reason alternative reductions will be implemented. A supplemental list of fixed route reductions is contained in the Appendix.

County	Route #	Area	Name	Description
Kane	524	Aurora	Downer	Weekday
Kane	531	Aurora	Waubonsee College	Weekday
Lake	563	Waukegan	Farnsworth	Saturday
Kane	524	Aurora	Downer	Saturday
Kane	529	Aurora	Indian Trail	Saturday
Kane	522	Aurora	Sherman	Saturday
Kane	532	Aurora	Randall Plaza	Saturday
Lake/Cook	690	Buffalo Grove	Arlington Heights Road	Weekday
Cook	616	Itasca	Chancellory Connection	Weekday
DuPage	643/645	Elmhurst	N.W. Elmhurst/Industrial	Weekday
Lake	726	Barrington/Wauconda	Metra Feeder	Weekday
DuPage	790/81	Warrenville/Naperville	Metra Feeders	Weekday
Lake	725,728	Barrington/Lake Zurich	Metra Feeders	Weekday
DuPage	791	Country Lakes (Naperville)	Metra Feeder	Weekday
Cook	698	Arlington Hts	Metra Feeder	Weekday
Kane	534	Fox Valley Village (Aurora)	Metra Feeder	Weekday
Will	500	Joliet	Trolley	Weekday
Lake	567	Waukegan	Ports of Call	Weekday
Lake	567	Waukegan	Ports of Call	Sunday

Summary

The RTA Board of Directors on September 14, 1993, established Pace's 1994 funding level at \$62,248,000 for operations and a farebox recovery ratio of 35.0%. As highlighted in the preceding issues section, the level of funding established for Pace in 1994 falls significantly below the projected needs required to maintain a status quo operation as well as to continue to expand service to the disabled at the level identified in Pace's ADA Plan. In order to comply with RTA funding and recovery marks, Pace has been left with no alternative other than to raise fares, cut services and delay plans to expand service for the disabled under ADA. The budget contained in this document complies with the funding and recovery marks that have been established for Pace by the RTA Board and shows a balance between expenses and available funds.

The table presented on this page summarizes the Pace budget as revised to meet the RTA's funding marks. Total operating expenses are expected to reach \$96.9 million after \$5.2 million in reductions. Pace will eliminate \$2.7 million in less productive fixed route service as well as special service outside the 3/4 mile zone in Cook and DuPage counties. Another

\$2.5 million will be saved by deferring plans to expand ADA paratransit service in 1994. The remaining budget will include status quo operations with limited expansion in 1994 for Pace's very successful Vanpool program. Expenses will also be included for the new Southwest Rapid Transit service, however, this service will be funded with a Congestion Mitigation (CMAQ) Grant in 1994. Costs for an additional facility (Evanston-North Shore) have also been provided for in the 1994 budget.

Pace's revised 1994 expense budget at \$96.9 million represents a 4.7% increase over estimated 1993 levels. However, after adjusting for the expansion costs identified above for the Vanpool and Southwest Rapid Transit service, and the costs associated with the added facility, Pace's 1994 expense budget has now been restricted to 2.6%, an amount well below the estimated inflation rate of 3.3%.

System generated revenue will reach \$34.2 million in 1994 and now includes a fare increase that was required to meet RTA recovery marks. Pace will raise all local fares from \$.85 to \$1.10 generating \$.642 million in additional revenue.

A brief review of each major component of the budget follows.

Table 9. 1994 Operating Budget (000's)

Total Operating Expense	\$ 96,917
Less: System-Generated Revenue	(34,296)
 Funding Requirement	 \$ 62,621
 Less: RTA Funding for Operations	 \$ (62,248)
Congestion Mitigation (CMAQ)	(373)
 Surplus/(Deficit)	 \$ 0
 System Recovery Ratio	 35.4%

Source of Funds

Pace relies on two major sources of operating funds: farebox revenues and public funding provided by the RTA. Public funding is made up of three major components: sales tax, federal operating assistance and the state subsidy provided via the public transportation fund (PTF).

Public Transportation Fund (PTF)

Section 4.09 of the Amended RTA Act establishes a Public Transportation Fund in the State treasury. The PTF is to be funded by transfers from the General Revenue Fund, and all funds in the PTF are to be allocated and paid to the RTA, provided it meets the budgeting and financial requirements as set forth in the Act. The amount transferred to the fund equals 25% of the net revenue realized from the sales tax. The RTA allocates PTF revenues to the service boards on the basis of need for both capital and operating purposes. For 1994, the RTA will allocate an estimated \$8,314,000 in PTF funds to Pace for operating purposes.

Sales Tax

Section 4.03(e) of the Amended RTA Act allows the RTA to impose a 1% sales tax in Cook County and a 1/4 percent sales tax in Will, Kane, Lake, DuPage and McHenry Counties. Section 4.01(d) of the Act specifies the following distribution of sales tax receipts to the service boards and RTA (Table 10).

Pace expects to receive \$50,816,000 in sales tax revenues in 1994. This represents approximately 10% of the total RTA region's estimated receipt of \$487 million which, based on Illinois Bureau of the Budget estimates, represents a 5.2% increase over estimated 1993 levels.

Table 10. Allocation of Sales Tax Receipts

	RTA	CTA	Metra	Pace
Chicago	15%	85%	—	—
Suburban Cook	15%	(30%)	55%	15% of remaining 85%)
Collar Counties	15%	(—)	70%	30% of remaining 85%)

Federal Operating Assistance (FTA Section 9 Funds)

Section 4.02(a) of the Amended RTA Act grants the RTA the authority to apply for, receive and expend grants, loans and other funds from the State, Federal and/or local governments. Further, 4.02(c) (2) states that the RTA shall adopt a formula to apportion such funds.

The formula is to take into consideration such items as ridership levels, service efficiency, transit dependence and the cost of service, among other factors. The formula used to apportion Federal operating assistance in the RTA's 1993 budget was based on ridership, similar to the allocation in prior years. The 1994 allocation of \$2,999,000 is based on suburban bus ridership as a percent of total ridership in the region. Pace suburban bus ridership accounts for 6.5% of the total ridership in the region.

*Passenger
revenues will
reach \$30.6 mil-
lion in 1994.*



Other Federal Grants

Pace will receive grant funding for two special programs in 1994. A grant awarded to Pace for the People Mobilizer program will provide \$119,000 to fund service in the south suburbs in 1994. Federal funds have also been appropriated to Pace through the Congestion Mitigation Air Quality Program (CMAQ). These funds are estimated at \$373,000 and are to be used to provide new service to the CTA's Southwest Rapid Transit Line scheduled to open in October, 1993.

Farebox Revenues

Pace expects to receive \$30,636,000 in farebox revenues in 1994, an increase of 6.3% over estimated 1993 levels. A large part of the increase is attributed to the expansion of the Vanpool program. Changes in the Dial-a-Ride subsidy formula are also contributing to an

increase in the local share support by the communities affected by the revision. Proposed service reductions are expected to result in a \$333,000 decline in revenue. However, the impact of this revenue loss is mitigated by an adjustment of local fares planned for 1994. Pace anticipates that the fare adjustment, which will make the price of outer suburban fares comparable to that of regular fares, will yield \$642,000 in farebox revenues.

State of Illinois Half Fare Reimbursement

The State has established a program to reimburse the regions' service boards for the revenue loss associated with offering discounts to student, elderly and disabled riders. Nearly one-third of Pace ridership falls into these categories. Pace expects to receive a subsidy of \$1,641,000 in 1994 under this program.

Other Income

In addition to public funding provided through the RTA, Pace expects to receive an additional \$2,019,000 in interest and other income. This represents a 1.3% increase from estimated 1993 levels.

Use of Funds

All funds received by Pace are used to provide, expand and support suburban bus services. The major components of the 1994 Operating Program are fixed route carriers (Pace-owned, public contract and private contract carriers), dial-a-ride services, vanpool, mobility limited services, administration, and centralized support expenses which include insurance and fuel. New areas of the budget for 1994 include expansion of service to CTA's Southwest Rapid Transit Line.

Pace-Owned Services

Pace is responsible for the direct operation of eight carriers in the six-county region. Together, these divisions—North, Northwest, South, Southwest, West, Fox Valley, River, and Heritage—carry more than 80% of the total suburban bus ridership. A ninth facility—Evanston, North Shore will come on-line in 1994. Pace expects to provide \$46,094,000 for expenses to these carriers in 1994. This reflects a \$750,000 reduction due to the proposed service eliminations.

Ryder is one of 15 private contractors providing Pace service.



Public Contracted Services

Pace contracts directly with four municipalities (Niles, Melrose Park, Highland Park and Wilmette) for additional fixed route services. These services are expected to cost an estimated \$2,717,000 in 1994. This expense reflects a \$10,000 reduction in service proposed for 1994.

Private Contract Services

Pace provides service to more than 96 communities by directly contracting with private transit companies. Privately contracted service was significantly expanded in 1992 when Pace initiated service for Sears employees to the new Prairie Stone Center. Pace expects to fund a total cost of \$9,226,000 for these services in 1994 after reductions of \$1,199,000 for proposed service eliminations required to balance the budget.

Dial-A-Ride Services

Pace subsidizes dial-a-ride service projects throughout the six county region. In general, these services are operated by townships or local municipalities under contract with Pace. Pace provides partial funding to these services, requiring the local government to support a portion of the net service cost based upon a formula applied to the total service cost. In order to balance the 1994 budget, Pace will change the parameters of this formula shifting more costs to the local governments. In 1994, Pace plans to expend \$7,598,000 for these services.

Mobility Limited Services

In accordance with Pace's ADA plan, the original budget submittal to the RTA provided for nearly \$2.5 million in planned expansion for 1994. However, due to severe underfunding by the RTA, Pace has no alternative other than to defer plans to expand this service in 1994. Pace's cost for this service in 1994 is \$5,010,000 and reflects current spending levels.

Centralized Support, Insurance and Fuel

Pace provides a variety of direct operational support items through a centralized support program. Pace has been able to save money by buying in bulk and consolidating services. In total, Pace plans to spend \$14,931,000 to provide fuel, insurance and other support items in 1994. Further detail on the centralized support program budget is provided in this document.

Administration

In order to accomplish the duties of direct operational support, service planning, capital planning and financial control, Pace's 1994 administrative budget is set at \$9,777,000.

Vanpool

The 1994 budget for vanpool services contains \$1,024,000. This program is targeted specifically at the short and intermediate range work-trip market where the majority of peak period travel occurs. The formation of vanpools has been very popular and its demand continues to grow. Pace expects further growth in the program as suburban employers move toward compliance with clean air mandates. Pace's vanpool program maintains a very high recovery rate at 100%.

Southwest Rapid Transit

The CTA expects the new rapid transit line which will serve the Southwest area and Midway Airport to begin in 1993. Pace will improve bus service connections to the new line at a cost of \$540,000 in 1994. However, Pace has now received funding for this service through the federal government's Congestion Mitigation/Air Quality Grant (CMAQ) program.



Pace workmen maintain signs and shelters throughout the six county region

Chart F. Sources and Uses of Funds

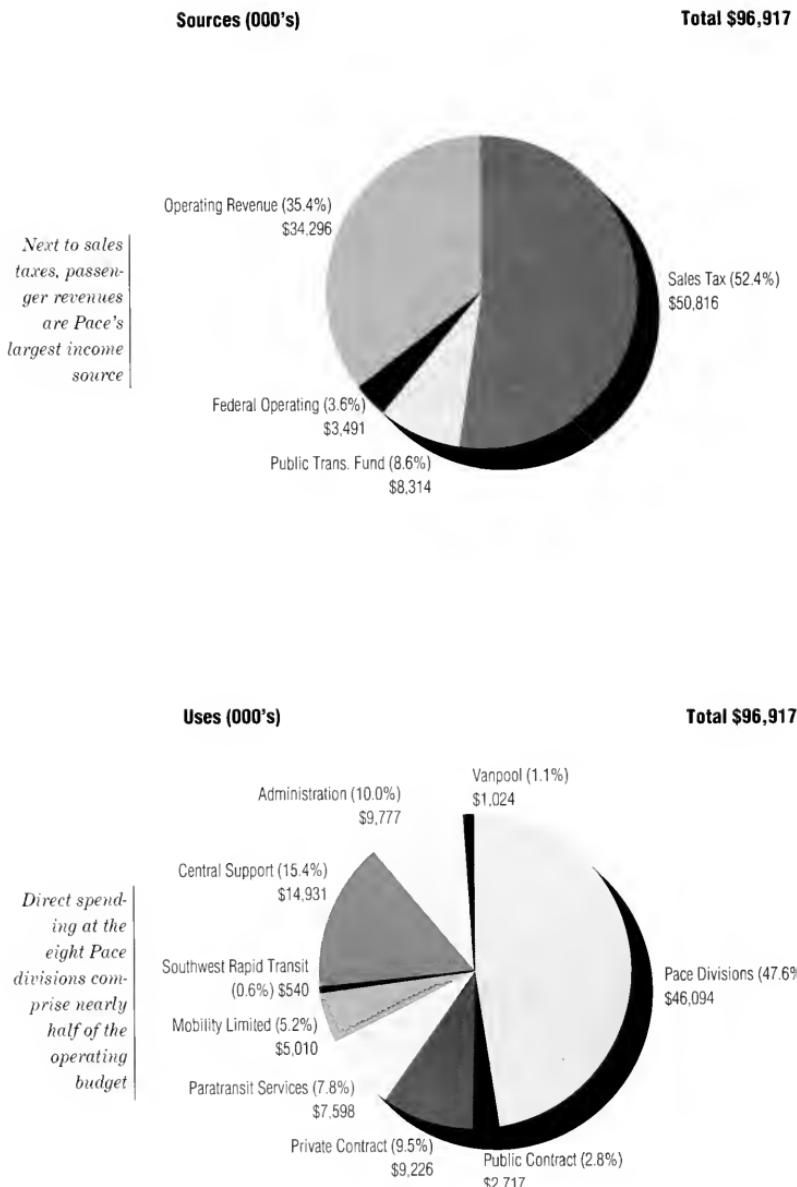


Table 11. 1994 Budget Summary (000's)

	1992 Actual	1993 Estimate	1994 Budget
Revenues			
Pace-Owned Services	\$ 20,672	\$ 20,872	\$ 21,081
Public Contracted Services	988	925	923
Private Contracted Services	2,993	3,341	3,012
Paratransit Services	3,919	3,581	4,315
Mobility Limited Services	233	402	402
Half-fare Reimbursement	2,014	1,860	1,641
New Initiatives	81	6	0
Southwest Rapid Transit	0	56	167
Investment/Other Revenue	1,231	1,010	1,010
Vanpool Program	196	608	1,103
Fare Adjustment/Local Fares	0	0	642
Total Revenue	\$ 32,327	\$ 32,661	\$ 34,296
Expenses			
Pace-Owned Services	\$ 42,617	\$ 43,919	\$ 46,094
Public Contracted Services	2,453	2,600	2,717
Private Contracted Services	8,203	9,993	9,226
Paratransit Services	7,570	7,202	7,598
Mobility Limited Services	3,158	4,859	5,010
Administration	9,354	9,176	9,777
Fuel	2,966	2,829	2,944
Insurance	4,518	3,847	4,086
Centralized Operations	7,512	7,430	7,901
New Initiatives	491	33	0
Southwest Rapid Transit	0	180	540
Vanpool Program	169	484	1,024
Total Expenses	\$ 89,011	\$ 92,552	\$ 96,917
Funding Requirement	\$ 56,684	\$ 59,891	\$ 62,621
Recovery Rate	36.32%	35.29%	35.39%
Public Funding			
Sales Tax	\$ 45,450	\$ 48,676	\$ 50,816
Public Transportation Fund	5,831	6,754	8,314
Federal Operating Assistance	2,749	2,925	2,999
Other RTA Funds	0	240	0
RTA New Initiatives	371	27	0
People Mobilizer	43	116	119
CMAQ Funds for SWRT	0	124	373
Pace Funds	0	1,029	0
Total Funding	\$ 54,444	\$ 59,891	\$ 62,621
Surplus (Deficit)	\$ (2,240)	\$ 0	\$ 0

1994 Pace- Owned Carrier Budget

Pace is directly responsible for the operation of eight divisions in the six county region. They are—Pace North, Pace Northwest, Pace South, Pace Southwest, Pace West, Pace Fox Valley, Pace Heritage, and Pace River. Together, these eight divisions are estimated to provide 80% of the total suburban bus ridership in 1994. A ninth division, Evanston-North Shore, is scheduled to come on-line in the late spring of 1994. The budget presented in the table on this page contains a provision for costs associated with this additional facility.

In 1994, Pace will fund a net cost of \$25,013,000 to provide service at these nine divisions. This represents an 8.5% or \$1,966,000 increase over estimated 1993 levels. Revenue and ridership were originally projected to increase in excess of 1.0% over estimated 1993 levels. However, proposed service reductions now required to balance the budget will mitigate some of the expected growth in revenue and ridership. The proposed fare increase will also affect revenue and ridership; however, the impact has been calculated only at the aggregate level and, therefore, not reflected here at this time.

Total expenses are estimated to increase 5.0% over estimated 1993 levels. The growth exceeds the inflationary rate of 3.3% due primarily to the new facility coming on line in spring of 1994. Increased costs in excess of inflation for health care are also contributing to the rise in overall costs. After adjusting for these costs, the growth in total expenses is actually less than the rate of inflation for 1994.

Maintenance expenses show a significant increase over 1993 levels due to a change in accounting for parts and supplies expenses. These costs were previously shown under the centralized support budget.

Table 12. Budget Summary—Pace-Owned Carriers (000's)

	1993 Estimate	1994 Budget
Revenue	\$ 20,872	\$ 21,208
Proposed Service Reductions	0	(127)
Total Revenue	\$20,872	\$ 21,081
Expenses		
Operations	30,553	31,911
Maintenance	9,349	10,525
Non-Vehicle Maintenance	1,147	1,124
General Administration	2,870	3,284
Proposed Service Reductions	0	(750)
Total Expense	\$ 43,919	\$ 46,094
Funding Requirements	\$ 23,047	\$ 25,013
Recovery Rate	47.52%	45.73%
Ridership	31,353	31,635

Revenue and recovery ratio have not been adjusted to reflect the proposed fare increase. Ridership levels have not been adjusted to reflect the fare increase or the impact of the proposed service reductions.



1994 Public Contracted Service Budget

Pace contracts with the local municipalities of Highland Park, Melrose Park, Niles and Wilmette for fixed-route bus service. These contracts will total \$2,717,000 in 1994 and these costs reflect the impact of the proposed service reductions required to balance the budget.

The deficit in 1994 will increase \$119,000 or 7.1% over 1993 year-end estimates. The deficit growth is based on the assumption that expenses are expected to increase 4.5% over 1993 levels, while ridership revenue and the recovery ratio are expected to remain essentially constant. It is important to note that the proposed fare increase will affect ridership and revenue; however, the impact has been calculated only at the aggregate level and is not reflected here.

The growth in total expenses above the inflation rate of 3.3% for 1994 can be largely attributed to increased maintenance costs at two of the carriers and increased pension and health care costs in excess of the inflation rate. When adjusted for these items, total expense growth has been maintained at a rate less than inflation.

Summary information is presented on the following table.

Table 13. Budget Summary—Public Contracted Services (000's)

	1993 Estimate	1994 Budget
Revenue and recovery ratio have not been adjusted to reflect the proposed fare increase. Ridership levels have not been adjusted to reflect the fare increase or the impact of the proposed service reductions.		
Revenue	\$ 925	\$ 925
Proposed Service Reduction	0	(2)
Total Revenue	\$ 925	\$ 923
Expenses		
Operations	1,760	1,864
Maintenance	610	613
Non-Vehicle Maintenance	9	14
General Administration	221	236
Proposed Service Reduction	0	(10)
Total Expense	\$ 2,600	\$ 2,717
Deficit	\$ 1,675	\$ 1,794
Recovery Rate	35.56%	33.96%
Ridership	1,514	1,514

1994 Private Contract Carrier Budget

In 1994, Pace will provide service to 96 communities by directly contracting with 15 private transit companies.

The total net cost for these services will be \$6,214,000 and will represent a 6.6% or \$438,000 decrease from estimated 1993 levels. The reduction in costs reflects the significant service reductions proposed in order to balance the 1994 budget. The original budget proposal showed a sizeable growth in privately contracted costs. This increase was due largely to growth in excess of inflation for contract renewals and the full year costs associated with providing service to Sears at the new Prairie Stone Center in Hoffman Estates. The service for Sears remains in the private contract budget for 1994. However, a large number of feeder bus route services have been targeted for elimination. A detailed list of proposed service reductions are shown on table 8 in the 1994 Operating Budget section of this document.

Colonial Coach service to Sears site in Hoffman Estates



Revenue and recovery ratio have not been adjusted to reflect the proposed fare increase. Rider ship levels have not been adjusted to reflect the fare increase or the impact of the proposed service reductions.

Exclusive of the proposed service reductions which will result in a decline in total revenue, the original budget proposal assumed that total revenue would also decline for private contract service in 1994. Ridership and farebox revenues were expected to remain constant from 1993 to 1994, however, the loss would come from the expiration of an agreement with Sears which provided for a direct subsidy of this service.

As noted in the text sections of the other fixed route services, the impact of the proposed fare increase is not reflected here but has been calculated at the aggregate level. Summary information is presented on the following table. A list of private contractors has also been provided.

Private Contractors

Colonial Coach Lines
DAR Systems
Hammond Yellow Coach Lines
Keeshin Charter Service
Kickt School Lines
Lakeview Bus Lines
Mayflower Contract Services
Neal's Bus Service
Olson Transportation
Pauline Transportation
Reliable Bus Company
Robinson Coach Company
Ryder Student Transportation
Schaumburg/Laidlaw
Vancom

Table 14. Budget Summary—Private Contract Carriers (000's)

	1993 Estimate	1994 Budget
Revenue	\$ 3,341	\$ 3,216
Proposed Service Reductions	0	(204)
Total Revenue	\$ 3,341	\$ 3,012
Expenses	9,993	10,425
Proposed Service Reductions	0	(1,199)
Total Expenses	\$ 9,993	\$ 9,226
Funding Requirement	\$ 6,652	\$ 6,214
Recovery Rate	33.43%	32.65%
Ridership	3,342	3,342

1994 Dial-A-Ride Services Budget

Local Dial-a-Ride services provide an important service to the region's elderly

Dial-a-ride service is available in a large portion of the Pace service area. (Reference map 2.) Nearly all service is provided with Pace-owned paratransit vehicles.

Pace contracts directly with private providers for the operation of 15 Dial-a-Ride projects. The communities served continue to provide financial support for these projects through "local share agreements" with Pace. Pace now receives funding to help cover a portion of Dial-a-Ride service costs through 36 local share agreements.

Pace has maintained grant agreements with villages and townships for the operation of 43 other Dial-a-Ride projects. In most cases, the local community operates the service. Presently, Pace provides grant funds to cover up to 75% of deficit or \$2.50 per trip, whichever is less. However, due to the significant RTA funding shortfall as described earlier in this section, Pace proposes to reduce the Dial-a-Ride formula to provide the lesser of 70% of deficit or \$2.00 per trip. As this change in formula will increase the local share requirement, the impact is shown as an increase in revenue of \$509,000. The increased local share burden may result in some communities curtailing service or dropping out of the program altogether. The full impact is not known at this time.

Dial-a-Ride service costs are summarized on the following table:



Table 15. Budget Summary—Dial-A-Ride Services (000's)

	1993 Estimate	1994 Budget
Revenue		
Operating Revenue	\$ 1,017	\$ 1,019
Local Share	2,564	3,296
Total Revenue	\$ 3,581	\$ 4,315
Expenses	7,202	7,598
Pace Subsidy	\$ 3,621	\$ 3,283
Recovery Ratio	49.72%	56.79%
Ridership	1,258	1,271

1994 Mobility Limited Services Budget

In compliance with the Americans with Disabilities Act, Pace submitted a plan for the provision of complementary paratransit service to the Federal Transit Administration (FTA) in January, 1992. The plan was updated in accordance with FTA requirements in January, 1993. The updated plan called for Pace to undertake a significant expansion of the Mobility Limited Services program in 1994. Expansion of service levels to meet growing demand in Cook, DuPage, McHenry and Lake counties were provided for. In addition, geographic expansion into Will and Kane counties was scheduled for early 1994. Total spending for services was projected to increase to \$7.7 million in 1994.

Nearly 8,000 individuals are registered for ADA Paratransit Service



Due to the RTA's failure to provide sufficient funding to Pace for 1994, these expansion plans must be placed on hold. Pace does not have the financial capacity to undertake the expansion which would have increased spending by some \$2.8 million or 60% from 1993 levels. Instead, the 1994 budget projects a status quo spending level of \$5.0 million for the program.

The RTA had also taken exception to Pace's January, 1993 plan update, noting that it included for the provision of ADA paratransit services in suburban Cook and DuPage counties beyond the 3/4 mile ADA minimum service corridor requirements. RTA has indicated to Pace that the provision of this service beyond the minimum requirement was in violation of RTA policy and that RTA would not provide funding for these services. As a result, Pace has no option but to discontinue funding for these trips (estimated at \$619,000 annually) effective January, 1994. Pace has attempted to find transportation alternatives for the individuals that rely on the service and has been successful in some cases. Unfortunately, it is estimated that over 100 individuals will be left with no public transportation alternatives after January.

Table 16. Budget Summary—Mobility Limited Services (000's)

	1993 Estimate	1994 Budget
Revenue	\$ 402	\$ 402
Expenses	4,859	5,010
Pace Subsidy	\$ 4,457	\$ 4,608
Recovery Ratio	8.27%	8.02%
Ridership	268	268

1994 Centralized Support Budget

The following table outlines Pace's 1994 centralized support budget. The centralized support budget of \$14.9 million provides for a total staff support of 84 positions in the bus operations and material management areas. This reflects an increase of four positions from 1993 due to added responsibilities in materials management, operations supervision and maintenance management. The budget also includes expenses for the procurement of commonly-used goods and services by all

Pace carriers. The procurement, management, and control of these goods and services are now the direct responsibility of the material management department. Centralization of the procurement function has allowed for greater cost efficiencies and improved inventory management. Though parts and supplies are still being purchased centrally, these costs are being shifted to the garage level and are reflected in the carrier budgets.

Table 17. Centralized Support Budget (000's)

	Amount
Labor	
Salaries and Wages	\$ 2,900
Fringe Benefits	788
Total Labor	\$ 3,688
Centralized Support	
Marketing	\$ 1,040
Central Purchasing	368
Vehicle Repairs	325
Tire Leases	520
Technical Services	280
Revenue Collection	585
Other Support	417
Component Rebuilding	70
Ticket/Transfer Printing	272
Communications Systems	86
Building Repairs	50
South Holland Facility	200
Total Centralized Support	\$ 4,213
Insurance	
Claims Liability	\$ 2,590
Workers' compensation	1,096
Accident Damage	200
Premiums/Other	200
Total Insurance	\$ 4,086
Fuel (4.6 million gallons @ \$.64)	
Grand Total	\$ 14,931

1994 Administrative Budget

The following table outlines Pace's 1994 administrative budget. The administrative budget provides for 154 positions at an estimated total cost of \$9.78 million which represents a 1.2% reduction from the 1993 budget. Pace administration is responsible for managing all of the agency's administrative responsibilities, including accounting, financial and capital assistance programs, marketing, legal services and risk management.



*Pace
Headquarters'
Facility in Ar-
lington Heights*

Table 18. Administrative Budget (000's)

	Amount
Labor	
Salaries and Wages	\$ 5,128
Fringe Benefits	1,515
Total Labor	\$ 6,643
Support	
Copy/Reproduction	\$ 318
All Other Support	447
Utilities/Telephone	106
Business/Travel Expenses	199
Training and Development	85
Total Support	\$ 1,155
Services	
Data Services	\$ 652
Consulting	427
Temporary Help	328
Building Maintenance	108
Audit	109
Legal and Other	123
Total Services	\$ 1,747
Service Board	\$ 232
Grand Total	\$ 9,777

Administrative and Central Support Organization Overview

The 1994 budget proposal provides for 238 positions: 154 in Administration and 84 in Centralized Support. The increase in headcount (4) from the 1993 budget is attributed to added responsibilities primarily in the operations and materials management areas.

At the beginning of 1993, Pace undertook a reorganization of the administrative structure. The changes resulted in the creation of two Deputy Executive Director positions—Operations, and Planning and Administration. Following this change, many organizational functions and responsibilities were then consolidated under these two areas, resulting in savings in 1993. Total 1993 administrative costs will actually decline 1.9% from 1992 levels. Several functions remaining outside of the areas were then consolidated under the Office of the Executive Director, resulting in an organizational structure consolidated into three major areas. A brief description of the major functional areas is provided below.

Office of the Executive Director (93 Staff Positions)

The Office of the Executive Director which included Internal Audit, Intergovernmental Affairs and Staff Counsel was reorganized at the beginning of 1993 resulting in the addition of Finance, Human Resources and Materials Management. The Executive Director reports directly to the Pace Board of Directors and all areas of the organization continue to report directly to the Executive Director. However, Internal Audit, Intergovernmental Affairs and Staff Counsel maintain dual reporting responsibilities requiring that they also report directly to the Pace Board of Directors. A brief description of the major functional areas is provided below:

Finance (47 Staff Positions)

The Chief Financial Officer reports directly to the Executive Director and is responsible for management information services (MIS), accounting and cash management functions.

Human Resources (6 Staff positions)

Under the Office of the Executive Director, Human Resources is responsible for the recruitment and personnel functions of Pace headquarters and the eight Pace divisions

Material Management (22 Staff positions)

The Material Management department is responsible for inventory management and the procurement of all goods and services for corporate and Pace divisions.

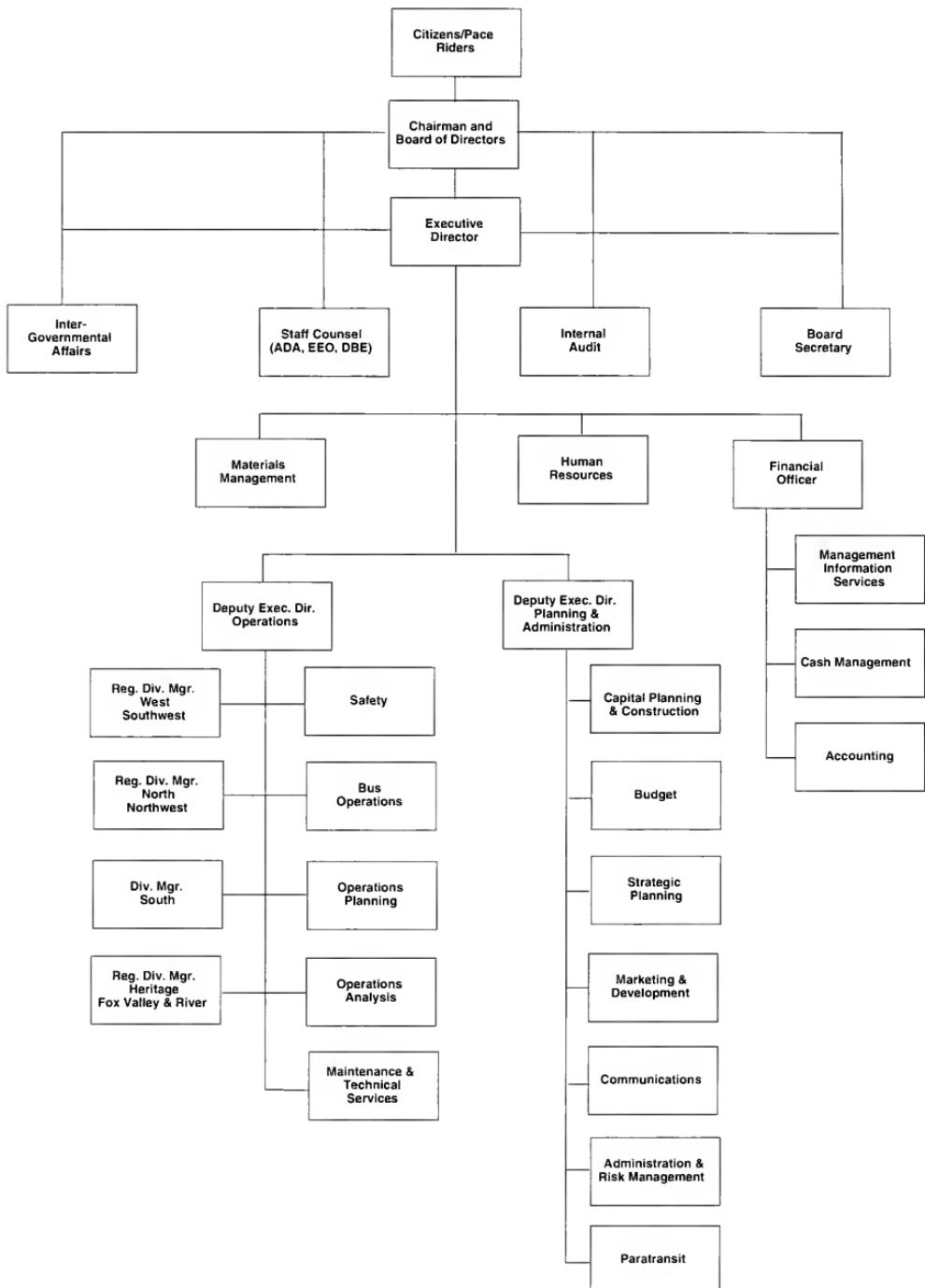
Planning and Administration (83 Staff Positions)

Under the direction of the Deputy Executive Director of Planning and Administration, this area is responsible for budget development and analysis, capital planning and construction, marketing, strategic planning, administration and risk management, communications, paratransit, and vanpool services.

Operations (62 Staff Positions)

Under the direction of the Deputy Executive Director of Operations, this area is responsible for overseeing the operations and maintenance of the entire Pace system. Operations is also responsible for the direct supervision of the eight Pace divisions which include 1,016 full-time equivalent employees.

Chart G. Pace Organizational Chart



1994 Vanpool Program

VIP offers
mini-vans
as well as
larger vans



Table 19. Vanpool Budget (000's)

	1993 Estimate	1994 Budget
Revenue	\$ 608	\$ 1,103
Expense	484	1,024
Surplus	\$ 124	\$ 79
Recovery Ratio	125.7%	107.8%
Ridership	197	358
Vans in Service (year end)	120	197

Vanpool Fare Schedule

Daily Round Trip Van Miles	4 Pass*	5 Pass*	6 Pass*	7 Pass*	8 Pass*	9 Pass*	10 Pass*	11 Pass*	12 Pass*	13 Pass*	14 Pass*
1-20 Miles	\$ 79	\$ 72	\$ 66	\$ 62	\$ 55	\$ 48	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
21-30 Miles	\$ 83	\$ 76	\$ 70	\$ 67	\$ 59	\$ 52	\$ 47	\$ 45	\$ 45	\$ 45	\$ 45
31-40 Miles	\$ 87	\$ 80	\$ 74	\$ 72	\$ 63	\$ 56	\$ 50	\$ 46	\$ 45	\$ 45	\$ 45
41-50 Miles	\$ 91	\$ 84	\$ 78	\$ 76	\$ 66	\$ 59	\$ 53	\$ 48	\$ 45	\$ 45	\$ 45
51-60 Miles	\$ 95	\$ 88	\$ 82	\$ 80	\$ 70	\$ 62	\$ 56	\$ 51	\$ 47	\$ 45	\$ 45
61-70 Miles	\$ 99	\$ 92	\$ 86	\$ 83	\$ 73	\$ 65	\$ 58	\$ 53	\$ 49	\$ 45	\$ 45
71-80 Miles	\$103	\$ 96	\$ 90	\$ 87	\$ 76	\$ 67	\$ 61	\$ 55	\$ 51	\$ 47	\$ 45
81-90 Miles	\$106	\$ 99	\$ 93	\$ 90	\$ 79	\$ 70	\$ 63	\$ 57	\$ 52	\$ 48	\$ 45
91-100 Miles	\$109	\$102	\$ 96	\$ 93	\$ 81	\$ 72	\$ 65	\$ 59	\$ 54	\$ 50	\$ 46
101-110 Miles	\$112	\$105	\$ 99	\$ 95	\$ 83	\$ 74	\$ 67	\$ 61	\$ 56	\$ 51	\$ 48
111-120 Miles	\$115	\$108	\$102	\$ 97	\$ 85	\$ 76	\$ 68	\$ 62	\$ 57	\$ 52	\$ 49
121-130 Miles	\$118	\$111	\$105	\$ 99	\$ 87	\$ 78	\$ 69	\$ 63	\$ 58	\$ 53	\$ 50
131-140 Miles	\$121	\$114	\$108	\$102	\$ 90	\$ 81	\$ 72	\$ 66	\$ 61	\$ 56	\$ 53

* The van driver is excluded from this passenger/van count.

In the fall of 1991, Pace implemented its Vanpool (VIP) Program. The program is designed to provide a viable alternative to commuters who drive alone in the highly dispersed suburban commuter market.

The program is an effort to serve the travel needs of smaller groups of individuals in a diverse market. The program provides passenger vans to groups of individuals, ranging from 5 to 15 people, who are interested in commuting to and from work together.

The program has been well received and over 90 vans are currently in operation. Pace VIP has a recovery rate well above 100%. Pace expects to have 120 vans in service by the end of 1993 and to raise this level to 197 by the end of 1994. The program was recently modified to provide a special shuttle/feeder service between an employer's worksite and either a Metra train station or CTA "L" terminal. Also, efforts by employers to comply with Clean Air Act requirements are expected to give an added boost to the Vanpool program.

The vanpool budget is summarized in the following table and a chart highlighting the current vanpool fare structure is presented below. Fares are based on the number of participants and trip length.

Southwest Rapid Transit

In conjunction with the CTA's opening of the Southwest Rapid Transit line in the fall of 1993, Pace will restructure routes 379, 380, 382, 383, 384, 385, 386 and 831 to improve connections to the new line for southwest suburban residents. The majority of the services will be provided by Pace Southwest Division soon to be relocated to Bridgeview. Pace has been successful in securing a Federal Congestion Mitigation/Air Quality Grant (CMAQ) which will fund this service for the first two years of operation.

*Pace buses
shown serving
the Midway
Terminal of
the SWRT*



Table 20. Southwest Rapid Transit Budget (000's)

	1993 Estimate	1994 Budget
Revenue	\$ 56	\$ 167
Expense	180	540
Deficit	\$ 124	\$ 373
Recovery Ratio	31.11%	30.92%
Ridership	94	281

1994 Capital Program Budget and Five Year Plan

Summary

Pace's 1994 Capital Program will focus on the replacement of contractor owned vehicles and paratransit vehicles. Contractor owned equipment is planned to be replaced with smaller wheelchair accessible equipment which better meets the needs of the suburban commuter market. Additionally, Pace plans to initiate a signal pre-emption program and will move forward on the continued development of its passenger facilities as contained in the Comprehensive Operating Plan.

Funding Sources

Pace receives capital money from three funding sources, the U.S. Department of Transportation, Federal Transit Administration (FTA), the State of Illinois, Department of Transportation (IDOT) and the Regional Transportation Authority (RTA). Additionally, Pace uses its own funds to support its capital needs.

Each year the RTA allocates to each service board (CTA, Metra, and Pace) certain federal funds which come into the region for capital purposes. These funds are based on an allocation formula. Due to funding constraints, the RTA has not allocated discretionary funding to the service boards this year. Pace also plans to spend \$1.9 million of its fund balance on capital needs in 1994. Should RTA provide Pace with discretionary capital funds, this outlay can be reduced or redirected to other projects.

Future Capital Strategy

Historically, the region has spent most of its capital resources on improvements to the core transit system which focuses on trips to downtown Chicago. Relatively little money has been spent on projects that improve transit operations in the suburbs.

In 1992, Pace developed a Comprehensive Operating Plan (COP) as a guide for future suburban transit capital investment. Over the next five years, Pace's capital plan identifies \$174.0 million to move forward with this program. Major components of our plan include the purchase of replacement/expansion buses, construction/renovation of system garage facilities, construction of park and ride lots and transportation centers. Additionally, high occupancy vehicle facilities are becoming very common throughout the U.S. and Pace is currently working with the State Department of Transportation and Tollway Authority in an effort to design restricted use facilities throughout the region. Lastly, Pace plans to implement an aggressive signal preemption program which can improve operating speeds and service reliability.

The focus for the future is on making the system more convenient, accessible and efficient. Pace believes more suburban commuters will use transit if an effective system is built which meets their needs.

Chart H. 1994 Capital Program

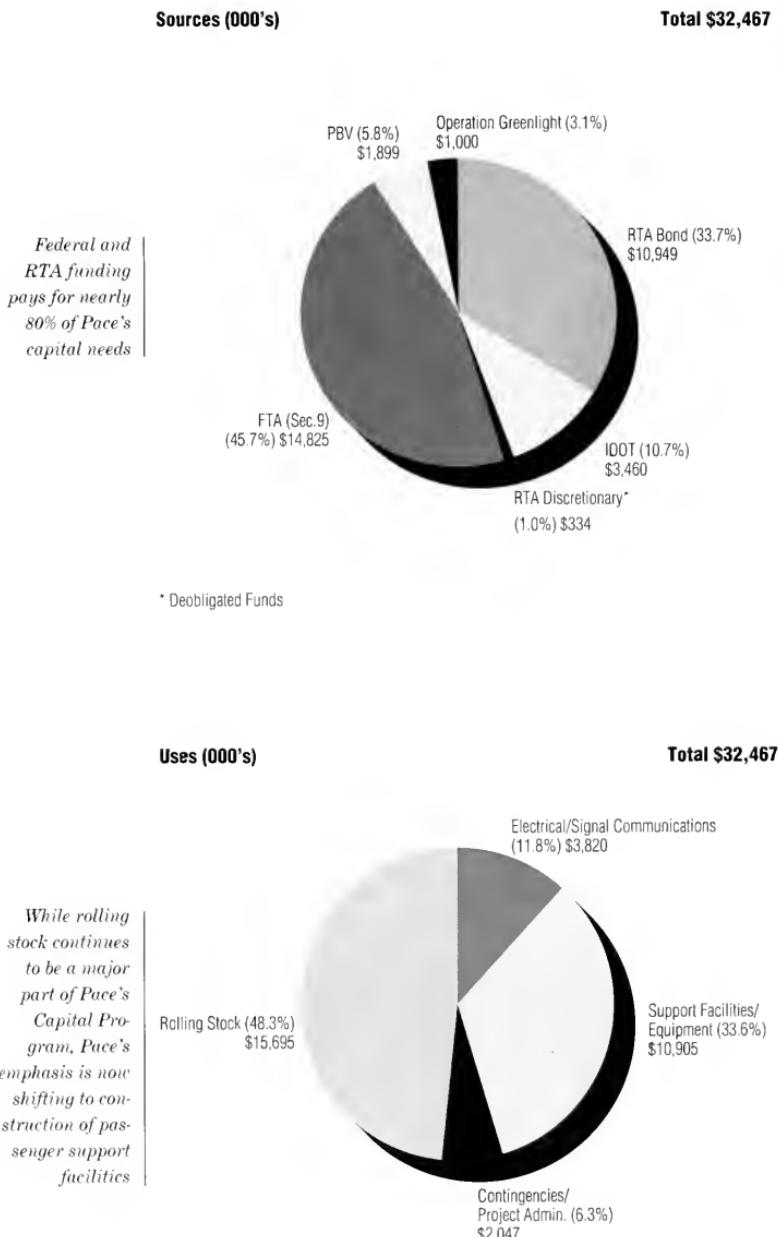


Table 21. 1994 Capital Program (000's)

Project Description		Amount
Rolling Stock		
Purchase 50 Fixed Route Buses	\$	10,370
Purchase 105 Paratransit Vehicles		5,325
Subtotal Rolling Stock	\$	15,695
Electrical/Signal/Communications		
Farebox System Up-grades	\$	2,000
Communications Consoles/Signal Analysis Equipment		220
Signal Preemption/AVL System		1,600
Subtotal E/S/C	\$	3,820
Support Facilities		
Bedford Park, Park and Ride Lot	\$	500
Burr Ridge, Park and Ride Lot		500
DuPage/I-355 Transfer Facility		100
Riverdale/Dolton Bus Turnaround		500
Bus Stop Improvements		1,000
East Hazel Crest Transportation Center		1,350
Complete Pace Northwest Garage Renovation		800
Improvements to Facilities		650
Improvements to Garages/Facilities		1,150
Capital Projects Engineering Plan		100
Subtotal Support Facilities	\$	6,650
Support Equipment		
Maintenance Equipment/Other	\$	1,160
Office Equipment/Furniture/Printing Equipment		215
Dispatching/Fare Payment Database Enhancements		300
Extended Warranties		230
Unanticipated Capital		250
Associated Capital		2,100
Subtotal Support Equipment	\$	4,255
Contingencies /Project Administration	\$	2,047
Grand Total	\$	32,467

1994 Capital Program Description

In accordance with the estimated funding levels, Pace's 1994 annual program totals \$32.5 million. Approximately, \$15.7 million or 48% of the total program will be spent on rolling stock with the remainder going to construction of facilities and equipment.

Rolling Stock

Pace's 1994 annual program contains funds to purchase 50 wheelchair accessible replacement buses to be operated in private contract service. Additionally, 105 paratransit buses will be purchased, 64 are replacement, 41 are for expansion of services to meet ADA requirements. In view of the operating funding constraints provided by the RTA, Pace may have to defer portions of its paratransit expansion services, in which case the 41 buses programmed in this year's program may have to be deferred.

Support Facilities

The program contains \$6.650 million for the purchase of land, construction of park and ride lots and transportation facilities.

Bedford Park Park and Ride Lot—This facility would accommodate approximately 100 cars, a bus shelter and a bus boarding area. We expect demand for parking at the CTA Southwest Rapid Transit Station to exceed capacity upon its opening. This facility would serve as a remote parking lot for passengers riding Pace routes 379, 382, 383, 384 and 385.

Burr Ridge Park and Ride Lot—This facility would accommodate approximately 75 cars. Currently, Pace leases a parking lot at County Line Mall in Burr Ridge near I-55 and I-294. The site can only accommodate 35 cars, and it has been at capacity for several months. A site has been identified in the general area to construct a permanent facility. The park and ride facility will

Pace Southwest under construction in Bridgeview. Completion Spring, 1994



accommodate passengers on Route 855, an express bus route operating from Bolingbrook, Romeoville and Burr Ridge to downtown Chicago and Route 666, a feeder route to the Hinsdale Metra Train Station.

DuPage County Transfer Center—This facility would accommodate three bus bays in Lisle, at the proposed I-355 Metra Station. This project is Phase I of the construction of a transportation hub in DuPage County. In the future, express routes 737, 877/888, as well as certain local routes, would utilize this facility.

Dolton/Riverdale Bus Turn-around—This project involves land acquisition, engineering and construction for a bus turnaround in the 138th and Indiana area. Pace Route 353 would utilize this facility as a turnaround and layover point.

East Hazel Crest Transportation Center—This project involves land acquisition and engineering for a transportation center in the general vicinity of 174th and Halsted. This facility will contain a bus transfer area and a park and ride lot.

Electrical/Signal/ Communications

This project involves the purchase of farebox system upgrades, communication consoles and signal analysis/preemption equipment. The farebox upgrades will result in better fare accountability and security. In addition, this system will allow Pace to offer new mediums for fare collection such as debit cards. The signal analysis equipment includes diagnostic radio signal equipment which tests the strength of the fixed route radio system. In addition, Pace plans to purchase Automatic Vehicle Location and automated passenger counting equipment compatible with IDOT signal specifications for possible future use for signal preemption applications. This equipment will result in more efficient operation and better passenger information.

Support Equipment

This project involves the purchase of maintenance equipment for various garage facilities and the purchase of office and computer equipment.



*Prairie Stone
Transportation
Center at
Sears in
Hoffman Estates*

Five Year Capital Program Strategies by Asset Category

Asset Category: Rolling Stock

Pace's capital program in the last several years has focused on the replacement of Pace's aging fleet in order to maintain and improve customer satisfaction. Since Pace's inception, 556 fixed route buses and 304 paratransit buses have been replaced, bringing down the average age of our fleet to three years for the fixed route fleet and four for the paratransit fleet. In an effort to comply with ADA requirements and better meet the needs of all suburban commuters, Pace's Five Year Program will concentrate on the replacement of private contractor equipment with smaller wheelchair accessible vehicles.

Asset Category: Electrical/Signal/Communications

In conjunction with the Illinois Department of Transportation and the Illinois State Toll Highway Authority, Pace hopes to equip all major toll plazas with Automatic Vehicle Identification (AVI) sensors in order to improve toll payment and operating speeds on Pace buses. Additionally, Pace plans to equip a portion of the Pace bus fleet with

activation of low priority signal pre-emption. Based on a computer simulation of bus priority testing on Cermak Road between 54th Avenue and Harlem Avenue, in Berwyn, Cicero and North Riverside, bus priority, in combination with signal coordination, provides approximately 40% improvement in bus operating speeds. By reducing travel time and making bus service more efficient, more people will be attracted to using public transportation, at the same time improving air quality and traffic congestion.

Asset Category: Support Facilities

In accordance with Pace's Strategic Plan, Pace's Capital Program continues to replace and upgrade existing garages. Further, Pace is moving forward in an effort to implement its Comprehensive Operating Plan, which calls for construction of numerous transportation facilities and park and ride lots. Additionally, Pace plans to expand the storage capacity of the Pace North Shore (Evanston), Pace Fox Valley (North Aurora) garages, and construct new system garages in Northwest Cook and McHenry counties.

Signal Preemption Systems will increase operating speed



Pace Five Year Capital Plan

Pace's proposed Five Year Plan puts continued emphasis on the replacement of contractor owned fixed route buses and replacement and expansion of the paratransit bus fleet. Additionally, Pace plans to build transportation centers/park and ride facilities throughout the region along with signal pre-emption/bus priority systems.

It should be noted that Pace's Five Year Capital Plan of \$174.09 million reflects a constrained budget which is tied to anticipated funding levels. Additionally, this program assumes reauthorization of the State and RTA Bond Programs.

Highlights of the Five year Capital Plan include:

- Purchase 123 accessible fixed route buses
- Purchase 398 accessible paratransit buses
- Purchase 500 vanpool vehicles
- Purchase signal preemption/bus priority equipment, Automatic Vehicle Location Systems, tollway access in cooperation with the Illinois Department of Transportation and the Illinois State Highway Toll Authority.

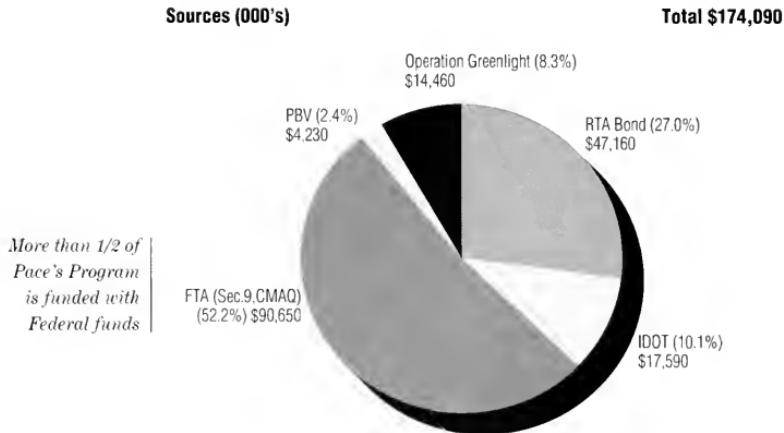
- Transportation facilities in Lisle, Riverdale/Dolton, East Hazel Crest, Waukegan, Schaumburg, Glenview, Joliet, Oak Brook and Oak Park.
- Park and ride lots in Burr Ridge, Blue Island, Bedford Park, Elk Grove, Hickory Hills, Evergreen Park, Niles, Woodridge, Chicago Heights, Crestwood, Bloomingdale and Riverwoods.
- Improve/expand garage facilities in North Cook, Northwest Cook, Kane, and McHenry counties.
- Improve on street bus stops throughout the region.



The new Pace North Shore Division (Evanston) under construction. Completion Spring, 1994

Chart I. 1994-1998 Capital Plan—Sources and Uses of Funds

(Constrained Budget)



* Includes \$334 in deobligated RTA discretionary funding

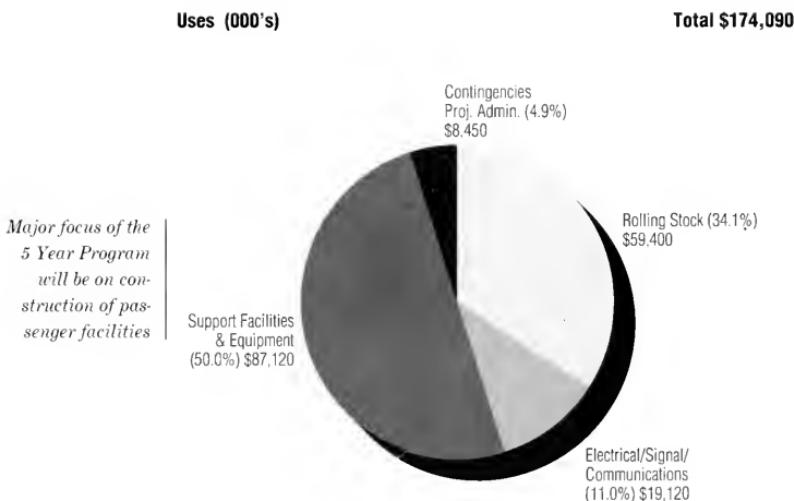


Table 22. Capital Plan 1994-1998 (000's)

Project Description	1994 Amount	1995 - 1998 Amount	Total
Rolling Stock			
Purchase 123 Fixed Route Buses	\$ 10,370	\$ 14,425	\$ 24,795
Purchase 398 Paratransit Vehicles	5,325	18,680	24,005
Purchase 500 Vanpool Vehicles	0	10,600	10,600
Subtotal - Rolling Stock	\$ 15,695	\$ 43,705	\$ 59,400
Electrical/Signal/Communications			
Farebox System Upgrade	\$ 2,000	\$ 0	\$ 2,000
Comm. Consoles/Signal Analysis Equipment	220	0	220
AVI Equipment./Tollway Access	0	800	800
Signal Preempt./Bus Priority	0	11,500	11,500
Signal Preempt./Veh. Locator System	1,600	3,000	4,600
Subtotal - E/S/C	\$ 3,820	\$ 15,300	\$ 19,120
Support Facilities & Equipment			
Park-n-Ride Facilities	\$ 0	\$ 11,500	\$ 11,500
Park-n-Ride (Bedford Park)	500	0	500
Park-n-Ride (Burr Ridge)	500	0	500
Bus Turnaround (Riverdale/Dolton)	500	0	500
Bus Stop Improvements	1,000	1,400	2,400
Transfer/Other Fixed Facilities	0	12,200	12,200
Transfer Facility (I-355/lisle)	100	0	100
Transportation Center (East Hazel Crest)	1,350	0	1,350
Transportation Centers	0	9,400	9,400
Transportation Center (Waukegan)	0	1,500	1,500
Transportation Center (Schaumburg)	0	4,000	4,000
Pace North Shore Garage	0	4,000	4,000
Pace Northwest Garage	800	0	800
Pace Fox Valley Garage	0	2,200	2,200
Pace Northwest Cook County Garage	0	4,500	4,500
Pace McHenry County Garage	0	3,500	3,500
Pace Admin. Bldg. Improvements	0	400	400
Improvements to Garages/Facilities	1,800	2,300	4,100
Signs/Shelters	0	1,420	1,420
Maintenance Equipment/Other	1,160	3,000	4,160
Office Equipment/Furniture	215	745	960
Computer Equipment	0	3,750	3,750
Dispatching/Fare Payment Database	300	0	300
Extended Warranties	230	1,200	1,430
Unanticipated Capital	250	1,000	1,250
Associated Capital	2,100	8,000	10,100
Capital Projects Engineering Plan	100	200	300
Subtotal Support Facilities & Equipment	\$10,905	\$76,215	\$87,120
Contingencies & Administration			
	\$2,047	\$6,403	\$8,450
Total Pace Program	\$32,467	\$141,623	\$174,090

1994-1996 Financial Plan and Fund Balance

General

Note 1—The general inflation rate was used in all cases where a more specific rate of growth was not known or available. These rates were used more in the out years 1995 and 1996 as they are beyond the range of most current agreements.

Note 2—Past experience has shown that health care costs have exceeded this index, therefore, health care growth rates have been projected at twice the general inflation rate in 1995 and 1996.

1994 estimates are largely based on known or anticipated costs for health care.

The following section presents Pace's financial plan and fund balance for 1994 through 1996. The Amended RTA Act requires the service boards to submit such a plan in addition to their annual programs and budgets. The plan is required to show a balance between the funding estimates provided by the RTA and the anticipated cost of providing services for the forthcoming and two following fiscal years. Pace's plan for 1994-1996 achieves such a balance. However, this balance will come through the combination of a fare increase, service/expense reductions and delays in planned service expansion for the disabled under Pace's ADA plan. The greatest impact of balancing this budget is felt in 1996 when Pace will be required to reduce system expenses an additional \$6.0 million in order to provide planned ADA service levels and meet RTA funding requirements.

Assumptions

The economic assumptions used to develop the budget have been provided by the WEFA Group, an economic consulting firm under contract with the RTA. However, Pace also subscribes to the Blue Chip Economic Indicator Report. This report provides a consensus outlook by 52 economists on the trends of several key economic indicators—including inflation as measured by the consumer price index (CPI). The Blue Chip consensus estimate for inflation was used for years 1993 and 1994, WEFA assumptions were used for the remaining years and categories. The key assumptions and their application used to develop the Pace three year plan are summarized in the following table.

Table 23. RTA/WEFA Baseline Economic Assumptions

	1993	1994	1995	1996	Where Applied
CPI-U (National)	3.2%	3.3%	3.6%	4.3%	Note 1
CPI-U Medical Care	6.1%	6.1%	6.0%	5.9%	Note 2
T-Bill Rate (3 Month)	3.0%	3.9%	4.6%	5.0%	Investment Income 93-96
#2 Diesel % Change	.3%	7.4%	7.0%	4.6%	Not Used

Numerous individual projections and assumptions are made in order to develop the annual budget and out year forecasts. In general, these estimates are based on the economic data shown in the preceding table. The outcome of applying these assumptions to known or anticipated conditions for major expense categories is reflected on Table 24.

As required, Pace's three year plan shows a balance between costs and the funding estimates identified for Pace by the RTA. The three year outlook for revenue shows annual increases between 1994 and 1996 with the greatest growth of 5.0% coming in 1994 due, in part (2.2%), to a fare increase required to balance the 1994 budget. Another major contributor to increasing revenue is the vanpool program which will account for 1.7% of the 5.0% increase.

Revenue growth will continue in 1995 and 1996 at 2.7% and 1.3% respectively. However, by 1996, significant service/expense reductions will result in sizeable ridership and revenue declines, thereby mitigating revenue growth from the more highly productive revenue producing services like vanpool.

Other revenue sources, which have also helped raise Pace's overall operating revenue in the past are projected to remain relatively constant in the outlying years. No growth is expected from the State half-fare reimbursement program and little growth is estimated in investment income as the outlook for growth in interest rates remains low.

In order to balance the 1994 budget, Pace had to reduce proposed expenses by \$5.2 million. Half of this reduction came from deferring implementation of ADA services for the disabled, with another large part coming from service reductions in both fixed route and elimination of special services outside the 3/4 mile zone in Cook and DuPage counties. Expenditures in 1995 will allow for a limited expansion of ADA services, however, in order to meet full ADA plan service levels by 1996, Pace will have to significantly reduce service or expenditures in excess of \$6.0 million in order to balance to the funding levels identified by the RTA.

Table 24. Major Expense Category Growth Over Prior Year

	1994	1995	1996
Labor/Fringes	7.0%	4.8%	5.3%
Parts/Supplies	7.3%	3.7%	4.3%
Utilities	11.1%	3.8%	3.7%
Fuel	4.1%	3.6%	4.3%
(\$/Gallon)	(.640)	(.663)	(.692)

Fund Balance

By containing costs through good management, Pace has been able to establish savings from its operating budget annually from 1984 to 1991. By the end of this eight year period, Pace accumulated over \$31 million in savings. In an effort to recognize this favorable performance, RTA adopted a policy allowing service boards to use these savings for capital projects or one-time operating expenses. Between 1987 to 1992, Pace has obligated over \$23.6 million for capital projects funded out of this reserve. However, in 1992, in addition to obligating reserve funds for capital needs, Pace was required to use \$2.2 million to balance a funding deficit which came as a result of a shortfall in sales tax revenues and a funding cut by RTA which redirected funds to the CTA. The use of Pace funds was also required as the RTA denied Pace a loan to bridge the gap in funding.

In 1993, Pace initially obligated \$4.3 million in reserves to fund expansion of the special services program as well as to continue funding the Vanpool program and service to the new Sears facility. Reserve funds were needed as the RTA denied sufficient operating funds for these projects during the annual budget process. Estimates for 1993 indicate that not all of these funds will be needed as Pace undertook cost saving initiatives at the beginning of 1993 in order to operate within the 1993 funding constraints that were established for Pace by the RTA.

By achieving cost savings in 1993, Pace has salvaged sufficient funds to meet \$1.9 million of capital needs in 1994 and \$1 million each year for 1995 and 1996. These remaining uses will deplete the remaining balance by 1996.

The following table identifies the capital and operating fund commitments by Pace from 1986 to 1992 and proposed obligations for 1993 to 1996.

Table 25. Capital and Operations Funding Provided Via Pace Fund Balance (000's)

	Capital	Operations
1986	\$ 1,959	-
1987	\$ 1,950	-
1988	\$ 7,611	-
1989	\$ 6,192	-
1990	\$ 415	-
1991	\$ 285	-
1992	\$ 5,281	\$ 2,240
1993	\$ 863	\$ 1,029
1994	\$ 1,899	\$ -
1995	\$ 1,000	-
1996	\$ 1,000	\$ -
Grand Total	\$ 28,455	\$ 3,269

Table 26. 1994-1996 Three Year Plan and Fund Balance (000's)

	1992 Actual	1993 Estimate	1994 Budget	1995 Projected	1996 Projected
Revenues					
Farebox	\$ 27,982	\$ 28,138	\$ 29,057	\$ 29,404	\$ 30,159
Fare Reimbursement	2,014	1,860	1,641	1,641	1,641
Investment/Other	2,054	1,993	2,019	2,151	2,210
New Initiatives	81	6	0	0	0
Southwest Rapid Transit	0	56	167	169	170
Van Pool	196	608	1,103	1,555	2,264
Service Reductions	0	0	(333)	(336)	(1,420)
Fare Adjustment Local Fares	0	0	642	648	655
Total Revenue	\$ 32,327	\$ 32,661	\$ 34,296	\$ 35,232	\$ 35,679
Operating Expenses					
Labor/Fringes	\$ 50,599	\$ 51,454	\$ 55,062	\$ 57,722	\$ 60,805
Parts/Supplies	3,574	3,478	3,732	3,869	4,036
DAR	7,570	7,202	7,598	7,872	8,210
Private Contract	8,165	9,982	10,425	10,800	11,265
Mobility Limited	3,158	4,859	5,010	5,760	11,575
Utilities	1,143	1,164	1,293	1,342	1,391
Fuel	2,966	2,829	2,944	3,050	3,181
Insurance	4,518	3,847	4,086	4,233	4,415
Other	6,658	7,040	7,162	7,462	7,867
New Initiatives	491	33	0	0	0
Van Pool	169	484	1,024	1,444	2,264
Southwest Rapid Transit	0	180	540	559	583
Service Expense Reductions	0	0	(1,959)	(2,030)	(8,579)
Total Expenses	\$ 89,011	\$ 92,552	\$ 96,917	\$ 102,083	\$ 107,013
Funding Requirement	\$ 56,684	\$ 59,891	\$ 62,621	\$ 66,851	\$ 71,334
Recovery Ratio	36.32%	35.29%	35.39%	34.51%	33.34%
Public Funding					
RTA Operating*	\$ 54,073	\$ 58,711	\$ 62,248	\$ 66,558	\$ 71,334
RTA New Initiatives	371	27	0	0	0
CMAQ Funds for SWRT	0	124	373	293	0
Pace Funds	0	1,029	0	0	0
Total Public Funding	\$ 54,444	\$ 59,891	\$ 62,621	\$ 66,851	\$ 71,334
Surplus/(Deficit)	\$ (2,240)	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance					
Beginning Balance	\$ 13,674	\$ 6,153	\$ 4,261	\$ 2,362	\$ 1,362
Surplus/(Deficit)	(2,240)	0	0	0	0
Less: Obligations/Other	5,281	1,892	1,899	1,000	1,000
Funding Balance	\$ 6,153	\$ 4,261	\$ 2,362	\$ 1,362	\$ 362

*RTA Operating includes Federal funds for the People Mobilizer Program.

Conclusion

The simple conclusion is there is not enough money to provide the necessary level of public transportation services in the suburbs. Determining why this is so is much more complex. A combination of political, social and economic factors have established the region's public transportation system as it is. Changing the system to reflect the needs of the suburbs is going to take perseverance and intense effort. Pace has made some progress in developing new services for the growing suburban markets as evidenced by our success with the Sears relocation and the Vanpool program. Unfortunately, these gains have been offset by losses in the inner suburban market which, like the City, has seen a net loss of population and employment.

The CTA provided 242 million more passenger trips (some 53%) in 1980 than it expects to provide in 1994, at essentially the same level of service. In the meantime, the suburbs have grown to exceed the City in population and employment (both by over 60%). The market has changed dramatically; this region's public transportation system has a lot of catching up to do. Given the financial forecasts and funding allocations from the RTA, it appears the region is taking a step backward in 1994 instead of making progress.

Legal Notice

Pace
Suburban Bus Division of the RTA
Hearings on Proposed 1994
Operating and Capital Program
and 1994-1996 Financial Plan

Notice is hereby given that Pace, the Suburban Bus Division of the Regional Transportation Authority, will hold public hearings on its proposed operating and capital programs and budget for fiscal year 1994 (January 1, 1994 to December 31, 1994) and financial plan for 1994-1996.

Any person wishing to comment on the proposed budget and financial plan may present views orally at the public hearings or by submitting written material not later than seven (7) days after the conclusion of the hearings on October 30, 1993. Copies of the proposed operating and capital budget for fiscal year 1994 and the 1994-1996 financial plan are available for public inspection at:

Pace
550 West Algonquin Road
Arlington Heights, Illinois 60005

Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting are requested to contact Jonathan M. Andes, ADA Compliance Manager at 708/228-2464 (voice) or 708/364-5093 (TDD).

The documents will be available at most public libraries as well as township, city and village offices in the six-county Pace region for seven (7) days prior to the hearings.

October 13, 1993

Schedule of Public Hearings

Pace Proposed 1994 Operating and Capital Program

Pace will hold public hearings on its proposed budget at the following locations and the public is invited to attend and provide comment:

Hearing Location	Date	Time
DuPage County Public Hearing Village of Glen Ellyn 535 Duane Street Glen Ellyn	Thursday October 28, 1993	7:30 p.m.
McHenry County Public Hearing McHenry County Courthouse 2200 N. Seminary Woodstock	Thursday October 28, 1993	7:30 p.m.
Will County Public Hearing Joliet Municipal Building 150 W. Jefferson Street Joliet	Thursday October 28, 1993	7:30 p.m.
Kane County Public Hearing Kane County Government Center Auditorium in Building "A" 719 Batavia Street Geneva	Friday October 29, 1993	7:30 p.m.
Lake County Public Hearing Des Plaines Civic Center 18 North County Street Waukegan	Friday October 29, 1993	7:30 p.m.
Cook County Public Hearing Des Plaines Civic Center 1429 Miner Street Des Plaines	Saturday October 30, 1993	10:00 a.m.
Cook County Public Hearing Flossmoor Village Hall 2800 Flossmoor Road Flossmoor	Saturday October 30, 1993	10:00 a.m.
Cook County Public Hearing Forest Park Village Hall 517 Des Plaines Avenue Forest Park	Saturday October 30, 1993	10:00 a.m.

Pace Facts and Figures

Reference

Background data on Pace and its market are provided below.

Market Data

1990 Suburban Population	4,477,450
1990 Chicago Population	2,783,726
1990 Suburban Employment	2,241,800
1990 Chicago Employment	1,376,730
Suburban Population Density	1,293 per sq. mile
Suburban Employment Density	651 per sq. mile
Suburban Employers (over 100 employees)	2,400

Fixed Route Service

Number of Fixed Routes	245
Number of Accessible Routes	92
Peak Period Vehicle Requirements	608
Pace Owned Fleet Size	556
Number Accessible	324
Average Vehicle Age	2.9 years
Contractor Owned Fleet Size	125
Number of Private Contractors	15
Number of Pace Owned Garages	8

Paratransit

Number of Communities Served	210
Number of Local Dial-A-Ride Projects	53
Number of ADA Service Contracts	10
Pace Owned Fleet Size	304
Average Vehicle Age	3.7 years

Other

Number of Pace Employees (FTE's)	1,287
Vanpools in Operation (Sept. 1993)	91

1993 Ridership (Estimated)	Total	Average Daily
Fixed Route	36,311,000	127,000
Paratransit	1,526,000	6,200
Vanpool	197,000	1,300
Total	38,034,000	134,500

1993 Vehicle Miles (Estimated)	Total
Fixed Route	22,895,000
Paratransit	7,009,000
Vanpool	1,538,000
Total	31,442,000

Trends

Ridership		
	Passengers	% Change
1986	36,075,820	-6.0%
1987	35,569,400	-1.4%
1988	36,708,025	3.2%
1989	37,864,058	3.2%
1990	40,309,915	6.5%
1991	40,548,871	.6%
1992	39,350,379	-3.0%
1993 Estimate	38,034,114	-3.3%
Recovery Ratio		
	Recovery Rate	% Change
1986	32.07%	8.4%
1987	32.49%	1.3%
1988	31.78%	-2.2%
1989	32.83%	3.3%
1990*	38.01%	15.8%
1991	36.46%	-4.1%
1992	36.31%	-0.4%
1993 Estimate	35.29%	-2.8%

Cost Per Mile		
	Cost Per Mile	% Change
1986	\$2.82	3.7%
1987	\$2.84	0.7%
1988	\$2.91	2.5%
1989	\$2.96	1.7%
1990	\$2.89	-2.4%
1991	\$2.93	1.4%
1992	\$2.96	1.0%
1993 Estimate	\$2.94	-0.7%

Cost Per Passenger		
	Cost Per Passenger	% Change
1986	\$1.75	0.0%
1987	\$1.80	2.6%
1988	\$1.94	7.7%
1989	\$1.95	0.8%
1990	\$1.93	-1.2%
1991	\$2.04	5.5%
1992	\$2.26	11.1%
1993 Estimate	\$2.43	7.6%

Subsidy Per Trip		
	Subsidy Per Trip	% Change
1986	\$1.19	0.0%
1987	\$1.21	2.1%
1988	\$1.32	8.8%
1989	\$1.32	-0.3%
1990	\$1.20	-9.2%
1991	\$1.29	8.2%
1992	\$1.44	11.3%
1993 Estimate	\$1.57	9.3%

* State half-fare program begins

Appendix

The following list represents routes which fall into two categories. Those routes which meet standards but carry few riders and those which can be modified to eliminate under utilized trips.

The services identified represent alternative reductions to those proposed in the budget. Some of these alternate reductions will be implemented if the proposed reductions are insufficient or not achievable.

County	Route #	Area	Description
Cook	751 Chicago Heights -Flossmoor	Flossmoor	Weekday
Cook	604 Springinsguth	Schaumburg	Weekday
Cook	210 Lincoln Avenue	Glenview	Midday svc. at Western Ave.
Cook	422 Lake	Glenview	Saturday
Cook	729 Ameritech	Barrington	Weekday
Cook	731 Sears	Bartlett	Weekday
Cook	732 Sears	Barrington	Weekday
Cook	622 Northbrook	Northbrook	Reroute to Lake/Cook
Cook/ Will	832 Joliet/Cicero	Joliet	Weekday
DuPage	646 SE Elmhurst	Elmhurst	Weekday
DuPage	783 Naperville Evening	Naperville	Weekday
DuPage	784 Lisle Evening	Lisle	Weekday
Kane	521 High Street	Aurora	Weekday
McHenry*	805-808 McHenry County Rush Hour	McHenry Cty	Weekday
Will	505 Rockdale	Joliet	Weekday

*Savings on McHenry Routes may be minimal because the service is part of an existing Paratransit contract.

The Pace budget holds ADA paratransit service at current spending levels. Should the Federal Transit Administration (FTA) inform Pace that this is not acceptable, Pace will have to consider these further fixed-route reductions to offset the cost of expanded ADA service.

List of Pace Services at 20% Recovery Ratio

County	Route #	Area	Description
Cook	379 W. 79th	Palos Hills	Saturday
Cook	421 Wilmette	Wilmette	Saturday
Will	504 South Joliet	Joliet	Weekday
Will	504 South Joliet	Joliet	Saturday
Will	506 S. Washington	New Lennox	Saturday
Kane	528 Fifth Street	Aurora	Saturday
Kane	549 McLean	Elgin	Weekday
Cook/Lake	626 Skokie Valley	Deerfield	Weekday
DuPage	646 SE Elmhurst	Elmhurst	Weekday
Cook	694 Central	Mt. Prospect	Weekday
DuPage	702 SW Villa Park	Villa Park	Weekday
Cook	751 Chgo. Hts. Flossmoor	Flossmoor	Weekday
Cook	757 NW Connection	Arlington Hts./ Rolling Meadows	Weekday
DuPage	787/88 Naperville Midday	Naperville	Weekday
Will/DuPage	823 W Bolingbrook	Bolingbrook	Weekday
Will/DuPage	834 Joliet/Yorktown	Joliet/ Downers Grove	Saturday

List of Pace Services at 21% Recovery Ratio

County	Route #	Area	Description
Cook	384 Narragansett	Oak Lawn	Weekday
Cook	453 SW Homewood	Homewood	Weekday
Lake	471 Highland Park	Highland Park	Saturday
Will	503 Black Rd	Joliet	Weekday
Will	505 Rockdale	Joliet	Saturday
Kane	527 Moecherville	Aurora	Saturday
DuPage	674 SW Lombard	Lombard	Weekday
DuPage	677 Naperville West Glens	Naperville	Weekday
DuPage	688 Naperville Huntington	Naperville	Weekday
Cook/DuPage	877 S. Suburban Express	Oak Brook/ Lombard	Weekday

Notes

pace

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